



## UNDRESSING DAME EDNA

The confessions of  
Barry Humphries

Life & Times, page 1



## THE VAMP STRIKES BACK

Tomorrow a 28-page  
Fashion Review

Saturday Review



## HEALTH FOR MEN

Life, love and  
the prostate

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Major and cabinet defend 'courage and common sense' of Chancellor

# Defiant Lamont shrugs off calls to resign over ERM

BY PHILIP WEBSTER  
CHIEF POLITICAL  
CORRESPONDENT

A DEFIANT Norman Lamont was last night intent on riding out the storm created by his decision to float the pound.

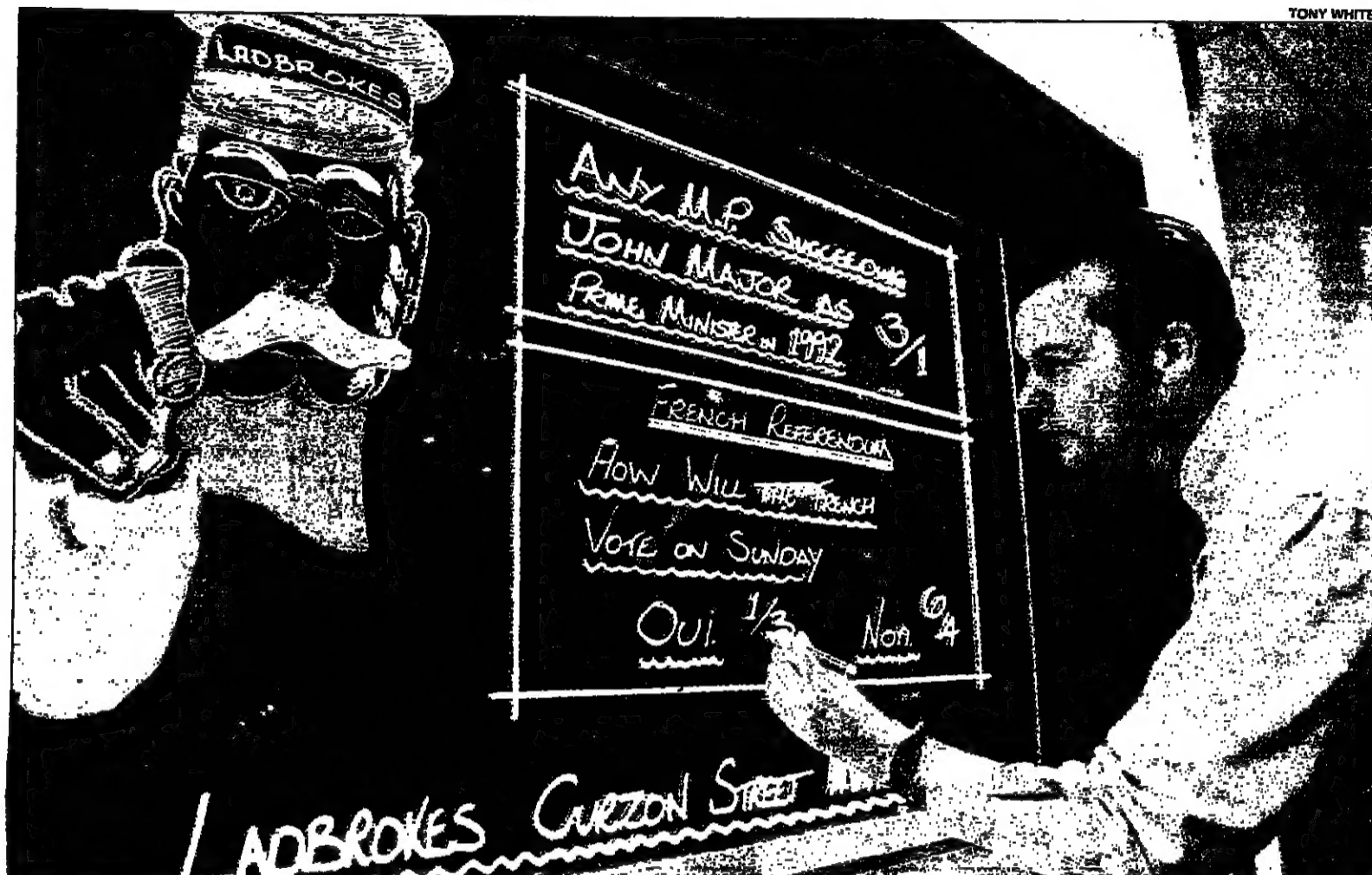
In a counter-offensive against his critics in the Conservative party, the country and the press, the embattled Chancellor of the Exchequer gave a series of television interviews in which he insisted that he had no intention of resigning.

On a day in which interest rates were cut back to 10 per cent, the rate at which they stood before Wednesday's extraordinary chain of events, John Major appeared to have secured Mr Lamont's immediate future by giving him strong public backing and by winning the unanimous endorsement of the cabinet for his action in pulling the pound out of the European exchange-rate mechanism.

With Tory MPs saying that Mr Lamont's credibility had taken a battering, uncertainty remained over his longer-term future. He could yet go when the present crisis has abated. Defending his actions last night, Mr Lamont said his decision to abandon the defence of the pound was "simple commonsense in the face of a whirlwind".

The pound fell to DM2.6323 yesterday, an effective devaluation of 11 per cent, and there was more gloomy economic news, with unemployment rising by 47,000 in August, nearly twice the expected increase. However, the prime minister told a three-hour emergency cabinet meeting that Mr Lamont must not be made the scapegoat for the decision to abandon a central plank of the government's economic policy and he insisted that the battle against inflation would remain the cornerstone of the government's strategy.

To underline that point, Downing Street and the Chancellor said that Britain



City speculation: odds on offer at a London betting shop yesterday for a possible successor to John Major and for the French referendum

would resume membership of the European exchange-rate mechanism "as soon as conditions allow". The government's formula deliberately left open the timing of a possible return. Senior cabinet ministers disclosed last night that the government had no intention of going back into the mechanism until the markets had calmed and the fundamental problem of high German interest rates had been resolved.

There is unrelenting anger in Downing Street at the recent behaviour of the Bundesbank and its failure to take account of the impact of its actions on other countries within the monetary system. Mr Lamont said last night:

"Nobody could have expected to do more. We might have got on a little bit better if we had a little more international co-operation."

It appears that some ministers still hope other countries will follow Britain's lead in suspending membership, as Italy has done. Such a development would lead to a reform of the system. Any early move to return to the ERM would provoke a substantial revolt among Conservative MPs who were clearly relieved yesterday that the government had been forced to cut loose from what they had regarded as an increasingly unsustainable policy.

There is a growing clamour on the Tory benches for min-

isters to use the opportunity created by Britain's withdrawal to cut interest rates and to take measures in the currency to help the economy out of recession.

Downing Street sources said after the cabinet meeting that the government would continue to set monetary and fiscal policy with the key objective of bringing inflation down — a further hint that this year's public spending round will be tighter than ever. "We are not seeking to achieve a particular rate in the very exceptional and turbulent market circumstances," they said.

Mr Lamont's immediate future appeared to be safe after the rallying operation

led by Mr Major on his behalf. The prime minister told the cabinet that Mr Lamont had acted with speed and courage. The Chancellor "should not be seen as an air raid shelter," he said in a remark meaning that Mr Lamont alone should not take all the criticism for a policy supported by the full cabinet. Every member of the cabinet then declared their backing for Mr Lamont, who will wind up next Thursday's session on page 18, col 4

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Leading article and letters, page 15  
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## France and Italy seek EC summit

FROM GEORGE BROCK  
IN BRUSSELS

ITALY yesterday called for a summit of European Community leaders to be held soon after Sunday's French referendum so that they can restore order to the financial markets. Pierre Bérégovoy, the French prime minister, backed the call. Because Britain holds the EC presidency, any summit would probably be in London.

Emilio Colombo, the Italian foreign minister, said a high-level EC meeting would be needed to consider the French result and to "restore immediate monetary discipline as quickly as possible". Later yesterday the Italian Senate ratified the Maastricht treaty.

European Commission officials spent the day trying to calm the markets after a meeting of the EC monetary committee confirmed the suspension of the pound and the lira from the ERM and devaluation of the peseta. The Bank of Italy closed its foreign exchange markets until after the French referendum.

"The ERM remains a very Continued on page 18, col 2

## One by one, the currencies tumble

BY GEORGE SIVELL

LIKE the ten green bottles hanging on the wall, the members of the European exchange-rate mechanism are being picked off one by one after 13 years of relative calm in the system intended to bring stable currencies.

Maybe it is a sign of things to come that the Reuters screens which show the European monetary system were blank yesterday (the software was still coping with this week's momentous events). Market movements show there is a big question mark over the future of the ERM.

The foreign exchange dealers have been able to move with quite astonishing speed against the ERM even before the French referendum. With the pound and lira out of the firing line, and the peseta comfortably devalued, the dealers yesterday turned on the next weakest currencies in the grid.

Down came the Irish punt, guilty by association with the pound, and down came the Danish crown, guilty by association with the other unfortunate Scandinavians — and by their rejection of the Maastricht treaty. This is bad news for the Irish and Danes who

have striven to bring their economies into line with the European ideal. The Portuguese escudo, guilty by association with the peseta, is next in line and from Lisbon came word that it too would devalue if the peseta devaluation proved more than temporary.

However, the most telling of yesterday's targets was the French franc, which fell near its ERM floor from Fr3.388 to Fr3.42. Of the ten ERM currencies only the German mark, the Dutch guilder and the Belgian franc remained secure.

One currency trader said: "After years of stability the

ERM is in uncharted territory. Rules and parameters are being much more closely questioned by the markets. It could be very messy."

The Euro-faithful rallied to defend the system, the embryo of the single European currency envisaged by the Maastricht treaty. No less a person than Jacques Delors, the president of the European Commission, pleaded, realistically: "Let's not ask more of the European monetary system than it can provide." But he went on to predict a healthy future for it.

But if one green bottle should accidentally fall ...

## Briton dies saving girl friend from grizzly

BY HARVEY ELLIOTT

TREVOR Percy-Lancaster, one of Hampshire's best-known and most popular artists, was clawed to death by a grizzly bear as he struggled to save his woman friend from the enraged animal.

Mr Percy-Lancaster, 46, and his companion, Cheryl Reksen, 45, had disturbed a 312lb bear on a remote, snow-covered trail in the Canadian Rockies.

As the bear turned on them, rearing on its hind legs and waving its razor-sharp claws, Miss Reksen, instead of lying motionless — which experts say is enough to prevent an attack — fled and tried to climb a tree.

The bear chased her, pulled her to the ground by her hiking boots and tore at her scalp and back as she frantically tried to escape. Mr Percy-Lancaster waved his arms and hit the bear in an attempt to drive it away. It turned on him, savaging his back, arms and face.

Another camper ran five miles to the nearest park wardens station. Wardens, arriving by helicopter, found Miss Reksen had staggered several miles from the scene of the attack: she was taken to hospital in Edmonton where last night she was said to be stable.

The wardens, who followed the bear's tracks in the snow, shot it dead when it suddenly loomed out of the woods to attack them. The carcass was being examined for signs of rabies.

Last night friends spoke in horrified admiration of the quiet cycling and hiking enthusiast, Emily Parrar, who lived in the same block of flats as art lecturer Mr Percy-Lancaster in Milland Road, Winchester, said: "He was deeply in love with his girl friend. They did everything together. He was a very kind, friendly person and it is typical of him to give up his life for her."

Gerry Israelson, a park spokesman, said that the actions of Mr Percy-Lan-

caster probably saved his companion's life. "It appears that because of the noise from a nearby stream and the direction in which the wind was blowing, the couple and the bear startled each other. You shouldn't run, nor should you climb a tree. What you should do is lie down and play dead," he said.

As wardens searched for other bears which might also have moved down into the area from their normal feeding grounds, the park was closed and 15 hikers were airlifted to safety.

Nick Lindsay, curator of Whipsnade wild animal park, said of grizzlies last night: "They are omnivores and although they prefer berries, fruit and roots, they will also eat fish, meat or small mammals. Most of all they are natural scavengers. Many have been fed by picnickers and they therefore come looking for it, then get aggressive if they don't get it."



Percy-Lancaster: clawed to death

## ECONOMY IN TURMOIL

### Base rate returns to 10 per cent

Britain allowed base rates to lapse back to 10 per cent yesterday in the wake of the suspension from the exchange-rate mechanism. In its free float, sterling was effectively devalued 11 per cent by the markets from its old ERM central rate of DM2.45 and 5 per cent below its old ERM floor of DM2.7780. It had fallen to DM2.6323 at the official 4pm Bank of England close and DM2.6448 in lunchtime New York trading. Dealers said the pound encountered heavy selling in early trading; but that buying for the pound began at around DM2.61 suggesting the market had decided the pound was worth around DM2.60. .... Page 19

### Share prices soar

Shares celebrated release from the restraints of ERM. The FT-SE closed 105.6 points up at 2483.9 in the heaviest day of trading recorded on the London stock market since electronic trading began. Around 1.36 billion shares were traded, ironically topping the 1.34 billion which changed hands on April 10, the day after John Major's election victory. Investors plumped for shares in big exporters to take advantage of the lower pound. Although the government re-emphasised its commitment to low inflation and a speedy return to the ERM, dealers hoped the pound would remain at what they see as a more realistic level. .... Page 19

### No rise in mortgages

The return to base rates of 10 per cent also removed the immediate threat of a large increase in mortgage interest rates and even opened the way for some optimism. Big lenders were looking for more movement and some were even hopeful of another cut in base rates that would allow a mortgage-rate reduction. David Gilchrist, group general manager at the Halifax, the largest mortgage lender, said: "There will be a great deal of uncertainty in the next week or so. We hope that rates will not have to go up and that they may come down." ..... Page 2

### Jobless total hits 2.8m

The number of jobless claiming benefits rose by 71,541 during August, taking the total to a new five-year peak of 2,845,508. After seasonal adjustments, the rise, at 47,000, was the biggest this year. Output in manufacturing industry was reported as unchanged in July, confirming a disturbing flatness of production in recent months after pointers to an upturn in manufacturing earlier this year. Manufacturing output, seen as a safer guide to economic activity, fell 0.2 per cent in June. .... Page 19

# Airline of the Year 1992.

In addition to winning the Airline of the Year award for the second year running, we were also voted Best Transatlantic Airline, Best Business Class, Best Long-Haul Airline, Best Inflight Entertainment, Best Airline Ground and Check-in Staff, and Best Food by the readers of Executive Travel Magazine.

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## INSIDE

### Botulism in cooked pork

The public was advised yesterday not to eat batches of cooked pork, distributed by a Cambridgeshire firm, as stringent tests revealed traces of botulism. Supermarkets removed packets of pork from shelves. .... Page 5

### Exam results

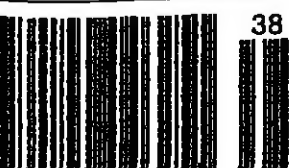
The Institute of Chartered Accountants' PE11 June results will be published tomorrow. Copies will be on sale tonight from 10pm at main London stations.

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# Money turmoil leaves blueprint for European unity in tatters



Hurd: co-operation even if treaty fails

THIS week's currency turmoil has created cracks not only in the exchange-rate mechanism but also in the entire Maastricht treaty. Without its timetables for a European central bank and a single currency, the treaty does not account for much.

Jacques Delors, president of the European Commission and author of the monetary union plan, was one of the first people to mutter about the long-term political effects of market turbulence in July, long before such fears became widespread. The chaotic warfare fought across Europe's financial markets over the past fortnight is, fundamentally, a conflict between politics and economics. Bankers and politicians are fighting over the soul of post-Cold War Europe.

Politicians now have to turn their

minds to what they want to salvage from Maastricht. Few of them believe that the treaty will come into force exactly as it is now written, whichever way France votes in its referendum on Sunday.

Douglas Hurd, a leading exponent of variable geometry, is playing a central role in the debate on what to salvage. As current president of the Council of Ministers, he will speak for the European Community on the morning after the French result.

He has long been a prominent advocate of Britain's membership of the ERM, believing that the government could afford to remain semi-detached from monetary union but not from the EC's exchange-rate scheme.

Actually sensing the rising hostility to the ERM in his own party,

## BEYOND MAASTRICHT

The idea of a monolithic Community with common policies on most issues has been dealt a serious blow, George Brock writes

Mr Hurd has recently been laying heavy stress on non-economic European issues such as Community immigration policies and underlining that co-operation will continue even if Maastricht collapses.

But monetary union has always been the most painful of Britain's dilemmas. If a currency zone becomes the core of a reshaped Community, can Britain afford to stay outside? M. Delors, true to his original vision, still believes that the

exchange rate crisis only serves to underline the vital importance of a single currency. Only the discipline of one money will protect Europeans from this turmoil, he said on French radio yesterday, adding that the ERM was never supposed to be a "miracle cure". But under M. Delors, the ERM has almost become a vehicle for monetary union.

Some French policymakers are toying with the idea of a faster, smaller monetary club if the treaty

should be rejected. Germany might then join France, the Benelux countries and Denmark in a single currency. All these states trade heavily with Germany, and within the narrow bands of the ERM they already form a *de facto* mark zone.

The suggestion that sceptical Denmark, of all countries, might be part of such a core group might appear paradoxical. But then, in accordance with the variable geometry concept, different versions of European integration are likely to emerge from the ERM upheaval and the wreckage of Maastricht's ambitions.

Denmark is not only the tiny country that turned down the treaty in its referendum; it is also one of the three economies in the EC — and there are only three — which now meet the treaty's tough criteria

for joining a monetary union. In other words, the concept of a monolithic EC with common policies on almost everything, from monetary affairs to defence, has suffered a serious blow. The Community, whether in its present form or enlarged by Scandinavian and Alpine states, may be able to deepen its integration in some areas, but only by leaving several members out.

The once-fashionable idea of a "two-speed" Europe is giving way to a series of clubs with varying memberships and varied degrees of integration. In the words of one EC diplomat: "The Community faces a choice between a try at another treaty, a kind of Maastricht II, or something more like a series of concentric rings — a Europe of three or four speeds."

## Major must struggle to restore his damaged credit rating

By Robin Oakley

JOHN Major now has to restore stability not only to the pound but to a party that has been shocked to its core and which suspects there is truth in Gordon Brown's accusation that it has destroyed any reputation it might have had for economic competence.

Four years short of an election, Mr Major is in no danger of overthrow. If Labour were unwise enough to stage a vote of no confidence the Tory party would back the prime minister, probably to a man. But much of his credit has been exhausted by the folly of investing every jot of prime ministerial credibility in defending a particular exchange rate for the pound and losing.

The shadow of Baroness Thatcher has grown once more and the fact that the most vociferous critics of the ERM are also leaders of the anti-Maastricht movement can only increase the government's difficulties.

Tory MPs will have noted that the opinion poll verdict on Mr Major, who began as the most popular post-war prime minister, sank from a rating of plus 18 after the election to only plus 1 last month. It will

almost certainly move into a minus rating this month. Much depends now on the French referendum on Maastricht. If the verdict is "non" then no one knows how much chaos will ensue in what is left of the ERM. Some ministers believe that the pound may now have been fully discounted and would suffer no further while other currencies took the strain and the whole mechanism was seen to unravel. In that case Britain would look

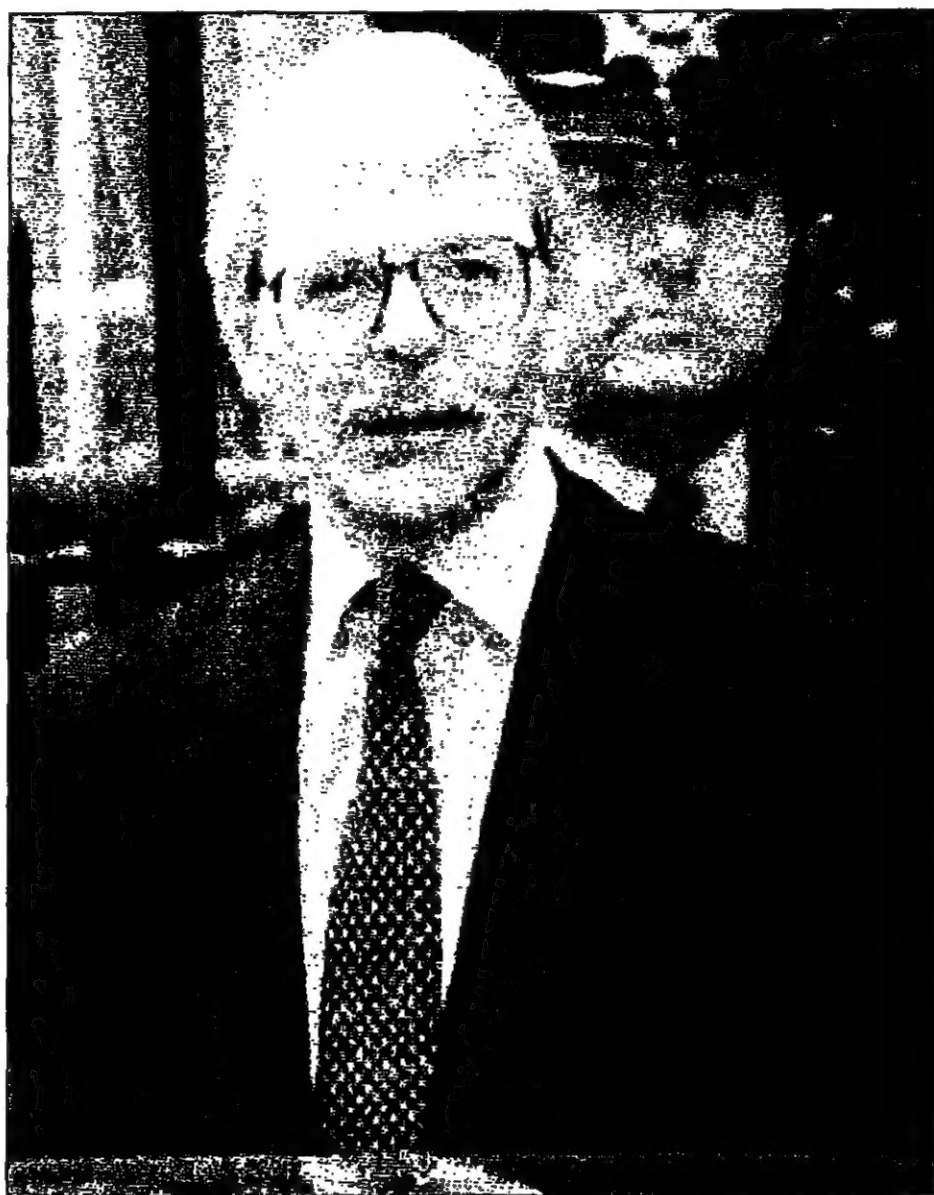
less isolated. Mr Major has already said that a French no will kill the treaty and that the bill to ratify it would be withdrawn from the Commons. He would no longer have to attempt with lesser authority what he had already conceded would be a "bruising passage" for the bill.

The real problems come with a yes vote in France. Mr Major will then feel obliged to reintroduce a bill he would be by no means certain of seeing through; and its uncertain prospects would add to nervousness in the markets.

Meanwhile the agony of what to do with the economy remains. Allies and opponents alike say that Mr Major has to look very carefully at his party now to decide whether he can afford to limp to port patched up and still under the European flag or whether he should cut loose, trim interest rates and start trying to lift Britain out of recession with an economy to suit the currency markets.

If he decides to go for it, with a new Chancellor, the chances are that the party would regroup and turn a blind eye to a little loosening on inflation. But if there is one thing on which Mr Major is a fanatic, those close to him say, it is his crusade against inflation. Abandonment of that would come harder than anything and some ministers believe that if his party insists on a more expansionist economy then the prime minister might say that they will have to manage without him.

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Grim outlook: Mr Major leaving 10 Downing Street yesterday after chairing an emergency meeting of the cabinet, which discussed the financial crisis

## Opinion hardens against return to the ERM

By Nicholas Wood, Political Correspondent

LEADING Conservatives signalled their determination to resist any early attempt by the government to take Britain back into the European exchange-rate mechanism.

They issued their warning after the cabinet agreed that Britain would rejoin the ERM "as soon as conditions allow".

Opinion was hardening on the Tory benches that the government could not risk another humiliation at the hands of the markets and a forced withdrawal from the ERM. The chorus was led by Lord Tebbit, the former Tory party chairman, who said it would be "deeply depressing" if the government really intended to go back into the ERM once the turmoil in the markets subsided.

At the same time, the anti-Maastricht Conservative European Reform Group, which claims a membership of 85 backbenchers, wrote to John Major demanding a debate and vote in Parliament before any move was made to rejoin the currency grid.

The form of words agreed by the cabinet was reminiscent of Margaret Thatcher's initial promise to join the ERM "when the time is right". That attempt to paper over minis-

trial differences delayed entry for several years and there were strong suggestions yesterday that the latest position was no more than a figleaf to cover the government's embarrassment at having to abandon the central plank of its economic policy.

One minister said: "I am not surprised they said that. I would be surprised if they meant it." Another senior Tory, with good links to Downing Street, pointed out that with the French referendum on Sunday, the ERM might cease to exist next week.

Committed pro-Europeans tended yesterday to keep their heads down, suggesting that

the main lesson of the turmoil of the past 24 hours was the need to move quickly towards a single currency, which would eliminate the possibility of such upheavals.

However, Sir Peter Hordern, chairman of the backbench European affairs committee, said that in the longer term the government should go back into the ERM at a lower rate for the pound. That was the only way to get back to the 5½ per cent long-term interest rates of the early 1960s.

The anti-federalists were again in full cry. While they drew satisfaction from the government's decision to suspend Britain's membership of the ERM, cut interest rates by 2 per cent and float the pound, they were troubled by the cabinet's hint that Britain might rejoin before long. "Never again" was the message from most Tory MPs.

Although Mr Lamont won praise for his speed and courage and the unanimous backing of the cabinet, the Chancellor remained under intense pressure with renewed calls for his resignation. Lord Tebbit said: "It is the ERM which converted government success in dealing with inflation into a disaster. There is no future in fixed exchange rates. The Chancellor should do what he always knew was right — float the pound."

Other Tories were worried that in the absence of the ERM the government's anti-inflationary strategy lacked credibility. Bernard Jenkin, Tory MP for Colchester North and one of the many Eurosceptics among the new intake, said the government should revive the monetarist policies of the early 1980s, which had defeated inflation.

## Lloyds Bank Base Rate.

Lloyds Bank Plc has reduced its Base Rate from 12.0 per cent to 10.0 per cent p.a. with effect from the close of business on Thursday 17 September 1992.

The change in Base Rate will also be applied from the same date by Lloyds Private Banking Limited.



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## BASE RATE CHANGE

Union Bank of Switzerland, London announces that with effect from the close of business on 17th September, 1992 its Base Rate was reduced from 12% PA to 10% PA.



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## BANK OF SCOTLAND BASE RATE

Bank of Scotland announces that with effect from Friday 18th September 1992 its Base Rate has been decreased from 12.00% per annum to 10.00% per annum.



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## Why former health minister was chosen to apply balm to wounds

SIR Norman Fowler, Conservative party chairman, took on an extra role as head of the damage limitation squad, to which he was swiftly appointed as the Major government was engulfed in its greatest crisis (Robin Oakley writes).

Once Downing Street had settled its diversionary tactic — blame the Germans — and decided to try to keep the Chancellor, Sir Norman was made available to television news bulletins. Impeccably turned out and soothingly bland, he did the round of the studios all Wednesday night and Thursday morning.

The government was there to take decisions and had taken brave ones, he insisted, with the assurance of one who would have argued that the Titanic had been designed as an underwater exploration vessel.

As party chairman, and having left the Thatcher cabinet in its latter days, Sir Norman was distant enough from departmental responsibility for the economic disaster for his appearance not to raise



instant questions. His detachment as party apparatchik gave him greater freedom to shore up Norman Lamont's crumbling position by saying that it was all the fault of the Germans, that the finger of blame should point at Professor Helmut Schlesinger, president of the Bundesbank.

Sir Norman, reputed in his ministerial days to have been slow to make up his mind but brilliant at selling the decision, once made, had shown his capacity for keeping down the temperature when health secretary, a brief that has scarcely been out of the mire of controversy since.

In those days he had one John Major as a junior minister and the friendship they struck up then has endured even though Sir Norman held to an earlier promise to back Michael Heseltine in the leadership campaign.

It has been rumoured that

Sir Norman, once a home affairs correspondent for *The Times* would like to crown his political career with the office of home secretary. He did not get that job after the election and even though the fall out from the current crisis may create a vacancy there it is unlikely to be offered to him. In its current state of crisis and approaching what will be an extraordinarily troubled party conference, the Conservatives will need the experienced soother of brows to remain in charge at Smith Square.

The NCOs in the damage limitation squad, sent out to wriggle on the government's behalf under interviewers' probing, were Tim Smith, MP for Beaconsfield and a Central Office fundraiser, and John Watts, the deep baritone chairman of the Commons Treasury committee.

Having borne the stripes of their seniors through the crisis, they will surely receive their reward in due course, provided there is some Tory party silver left to inherit.

## Dealers dig in for another day's chaos

### IN THE MARKETPLACE

Kate Alderson joins the sharp-witted decision makers who ply their lucrative trade in the City's dealing rooms

TENSION mounted in the dealing room of Smith New Court stockbrokers yesterday as the 8.30am opening of the markets approached. The market makers were bracing themselves for another volatile day of trading in UK equities.

"After a night of speculation over interest rates and the devaluation of the pound, it's all utter confusion," one dealer shouted as he ran to one of five flashing computer screens. "What the hell are our advisers meant to tell people — to buy or sell? It's chaos, utter chaos."

There was frenzied shouting and sprinting across the room as scores of dealers in striped shirts and sharp haircuts expressed euphoria at the FTSE Index opening 100 up on Wednesday's close of business.

At 9.30am rates were cut to 10 per cent and a chorus of nervous laughter was followed by computers flashing blue, green and red. "Listen lads," said a senior dealer

with a grin, a telephone in one hand and a wagging finger pointed at his junior colleagues. "We've got to think about where we were in the beginning, because now we haven't gone anywhere." Glued to their screens, a few of them managed a half-hearted smile.

Dealers jumped up and down from their seats, two phones clamped to their faces, frantically buying shares as their value went down.

After 20 sweaty minutes the atmosphere had calmed. "This has been the most difficult morning of my life," Justin Law, a market maker in paper and packaging, said. John Surridge, 29, a market maker in utilities, said: "It's

just like after the general election today — prices are all over the place. I sometimes wonder why I do this but to be honest it's in the blood. It can be the worst job in the world, and then some days it can be the best."

Many of the 100 market makers are from east London or Essex and began their working life in the City at 17, with no knowledge of the markets. They learnt on the job and moved up the career ladder until they became dealers and began to earn big salaries.

"The money is a huge attraction," said Jonathan Christie, a market maker in engineering and manufacturing. "But it's a cut-throat business. If you don't cut it

then you are out. You have to be sharp."

The rewards for making split-second decisions and reacting instantly to movements in the markets are not only a large basic salary, but a bonus calculated at the end of the year that can cover the price of a new Porsche. But no one at Smith New Court would say how much they had earned this week.

"Put it this way, I think I earn my money on days like this," said Steve Curry, 29, a market maker in banks and a former electrician. "Today's a very different day, very exciting. I'm a bit short, we all are, but it's still exciting. It's early days yet and we've still got the French referendum to come."

### CORRECTION

The Surrey Executive Job Club telephone number is 0483 750558 and not that given in a report on September 14.



# Euro-sceptic Lamont led astray by his Treasury advisers

BY MARY ANN SIEGHART

JUST one day after Michael Heseltine challenged Margaret Thatcher for the Conservative leadership, Norman Lamont was addressing the Euro-sceptic Bruges group on the dangers of European union. Of those who sit around the cabinet table, he is one of the least enamoured of Europe. It is unfortunate and ironic, then, that his reputation has been impaled upon a policy for which he has never been able to summon up much instinctive enthusiasm.

Yesterday Downing Street insisted that the Chancellor would not resign. The prime minister praised Mr Lamont for the "speed and courage" of his reactions. The Chancellor's cabinet colleagues rallied round. He could still be forced out by backbench pressure or a further financial crisis, but he has two great political advantages.

One is that, in every detail of economic policy, Mr Major has backed him. Indeed, Mr Lamont has done little more in the past two years than enact the economic policy bequeathed to him by his predecessor. The current debate is as much the fault of Mr Major as of Mr Lamont. If Mr Lamont has to resign as Chancellor, the prime minister will almost certainly feel

## CHANCELLOR

duty bound to offer him another cabinet post. The other advantage Mr Lamont has is that a number of his very close friends, going back to undergraduate days, sit alongside him in cabinet. When at Cambridge, his circle consisted of Michael Howard (environment secretary), Kenneth Clarke (home secretary), John Gummer (agriculture minister), Sir Norman Fowler (party chairman) and Sir Leon Brittan (now a European commissioner). The first two are potential successors should Mr Lamont resign, but out of personal loyalty they are unlikely to precipitate such an event. Michael Heseltine might well calculate that this is not the most propitious time to take over as Chancellor.

Mr Lamont is not a natural political survivor. At heart he is a deeply pessimistic man, full of Scottish gloom. He is also personally rather insecure, hypersensitive to criticism and much less resilient than political bruisers such as Nigel Lawson. Even when he is doing well, he craves reassurance. If he felt his world were collapsing around him, he might be tempted simply to give up.

Mr Lamont has never had the commanding presence of Mr Lawson, a shortcoming of which his officials privately complain. He has never exhibited the self-confidence, bordering on arrogance, of his predecessor-but-one. While this might make him more likeable, it has also been a political handicap. Had he had more confidence in his own instincts, he could have challenged his officials. At the Bruges group lunch he said he felt passionately that Britain should retain control of its own economic decisions. It was precisely the loss of that control that led to the sterling crisis.

Though Mr Lamont has been at the Treasury for six years, he had never until he was Chancellor had to tackle the management of the economy. As financial secretary, he dealt with taxation. As chief secretary, he ran the minutiae of public spending. When he became Chancellor in November 1990, he was relatively inexperienced in strategies for interest rates, exchange rates and economic growth. So, indeed, was Mr Major, who had only been Chancellor for just over a year. Mr Lamont felt instinctively that the ERM was an undesirable constraint, but he deferred to the Treasury mandarins who advised him to the contrary.

The Treasury has consistently misled Mr Lamont and his predecessors for the past five years. Its economic forecasts have been wildly inaccurate. When Mr Lamont arrived, officials failed to see the recession coming. When it came, they convinced him that it would be short and shallow. They encouraged him frequently to make a fool of himself by predicting a recovery that turned out to be a mirage. His "green shoots" have been killed off by frost too many times to mention.

If Mr Lamont does stay in his job, he must learn from this experience. The Treasury is not always right. More often than not, recently, it has been wrong. The most useful advice he could take is to tear up his Treasury briefs and start again.



Lamont: might be tempted to give up

## Portillo enforces sacrosanct limits

BY PETER RIDDELL

The first meeting yesterday afternoon of the new cabinet committee on public spending was naturally overshadowed by the aftermath of the decision to suspend sterling's membership of the exchange rate mechanism, but the political and economic implications are almost as great.

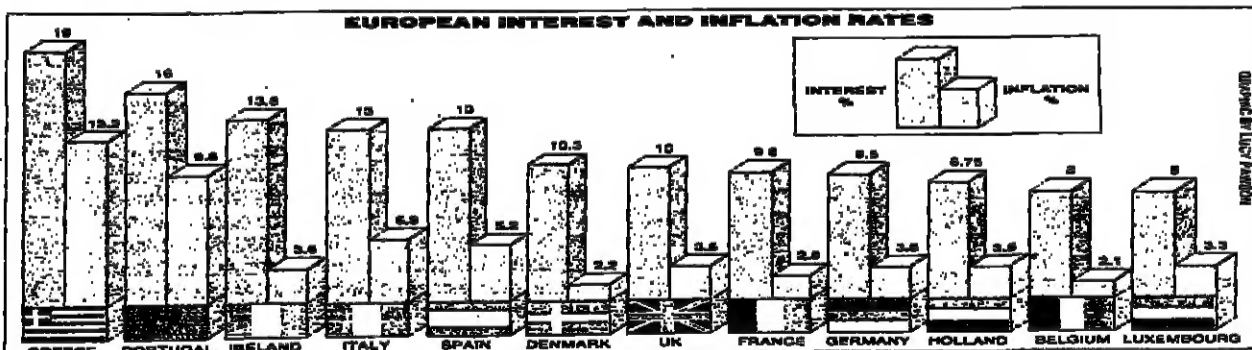
Each past devaluation of the pound has been accompanied by cutbacks in public spending plans, which produced bitter Cabinet arguments in 1967-8 and in 1976. The state of the economy is weaker this time, but there will be no scope to relax fiscal policy. Indeed, Whitehall officials were yesterday stressing the need to set a fiscal and monetary policy to keep inflation down.

Faced with a sharp rise in public sector borrowing, largely caused by the length of the recession, the cabinet decided in late July to introduce a new system of spending controls. This involved treating the existing spending figures for later years as firm upper limits rather than aspirations. In previous years, the aim was to get as near as possible to the agreed target, though it was

usually missed by a few billion pounds. But now the limit is regarded as sacrosanct. Secondly, a new ministerial committee, under the chairmanship of Norman Lamont, the Chancellor, and consisting of senior ministers such as Michael Heseltine, the president of the board of trade, Kenneth Clarke, the home secretary, and Lord Wakeham, the leader of the Lords, has been established to

decide on the allocation of spending. This will in practice turn on how unavoidable spending claims are to be financed. This system will largely replace the previous bilateral negotiations between the Treasury and spending departments.

Michael Portillo, the Chief Secretary to the Treasury, has been holding talks with spending ministers this month to reduce the £14 billion of extra money which they had sought, but this is essentially a preliminary to the deliberations of the committee.



## Hint of optimism in housing market

BY LINDSAY COOK AND RACHEL KELLY

THE return to bank base rates of 10 per cent yesterday removed the immediate threat of a large increase in mortgage interest rates and even opened the way for optimism.

The big lenders were looking for more movement and some were hopeful of another cut in base rates that would allow a mortgage rate reduction. David Gilchrist, group general manager at the Halifax, the largest lender, said: "There will be a great deal of uncertainty in the next week or so. We hope that rates will not have to go up and that they may come down."

"The threat of the damage that would have been done to the housing market by rates of 15 or 12 per cent has receded. The government has shown it is not keen to see key interest rates at very high levels."

Lenders kept their nerve on Wednesday when bank rates were increased by 5 points, and they will not be too quick to respond to any cuts in base rates that take them below 10 per cent. They will want to be sure that any change will hold before they go to the expense of changing mortgage rates.

Abbey National, the second largest lender, said the return to 10 per cent restored the status quo and removed fears that mortgage payments would rise.

However, there are still pressures on the margins. Last month the Skipton, the 14th largest, moved its basic mortgage rate up to 11.25 per cent. Before this week's rate

## MARKET MOOD

changes there was a flicker of hope that the market might be returning to life. According to the Halifax, prices have been stabilising with small rises or falls around zero, and the rate of price falls has slowed. In spite of optimism, however, the underlying position has not changed.

Even if rates are cut, analysts do not expect a recovery in prices this year, with most not predicting a real rise until the end of next year. Fears of unemployment, one of the main reasons for the slump, remain. So does the stock of unsold houses that is dragging prices down.

## Turmoil bolsters the Euro-sceptics

THE future of the legislation ratifying the Maastricht treaty now looks highly uncertain whatever the result of the French referendum on Sunday (Peter Riddell writes). The official view from Downing Street yesterday was that nothing has changed as a result of Wednesday's events and the decision temporarily to leave the exchange-rate mechanism.

If the French vote against the treaty it will be dead and the British government will, as president of the community, try to give fresh momentum to other business, such as the completion of the single market, the Gatt round trade talks, and closer inter-governmental co-operation on foreign, security and justice issues.

If the French vote in favour of the treaty the government's intention is to proceed with ratification. The agreement was approved in principle by a large Commons majority in December and the ratification bill was overwhelmingly backed on its second reading in May. The start of the committee stage had to be abandoned because of the result of the Danish referendum. Ministers were hoping

that if the French voted in favour of the treaty they then might be able to test the temperature of parliamentary opinion with the "paving" debate. This will be a general debate on policy towards the EC and the treaty, as promised by the prime minister after the Danish referendum.

But both the withdrawal of sterling from the ERM and the circumstances leading up to the decision have strengthened

## WAY AHEAD

the hands of the opponents of the treaty, the self-styled Euro-sceptics.

In the present Tory mood of criticism of the EC, there is likely to be little enthusiasm for the lengthy debates required to approve the treaty. Government business managers may also be reluctant to confront a significant group of their own MPs when confidence is fragile.

John Smith, the Labour leader, is under increasing pressure to take advantage of the government's divisions and weakness over the bill although Labour is split on the issue.



Rising to the occasion: enthusiastic supporters give Alan Beith a standing ovation after his rousing speech condemning the government

## Smith uses breathing space to heal divisions on Europe

BY JILL SHERMAN, POLITICAL CORRESPONDENT

THE sterling crisis and the events of the past 48 hours have let John Smith off the hook, by giving the Labour leader breathing space to sort out divisions within his party on Europe.

Members of the shadow cabinet such as David Blunkett and Bryan Gould have been criticising the leadership's line on Europe for the past two weeks and calling for a realignment within the ERM or a devaluation of sterling. Others, including Tony Benn and Michael Meacher, have been calling for a referendum on Maastricht. On Monday, Mr Smith warded off an embarrassing confrontation with party rebels by deferring a debate on Europe until meetings of the shadow cabinet and the national executive committee next Wednesday, after the French referendum.

Dennis Skinner has tabled two resolutions for Wednesday's national executive committee meeting which call for a referendum on Maastricht and a complete withdrawal from the ERM. "The last two or three days have been a total and utter defeat for the Euro chattering classes across all parties," he said. "If there is any suggestion of returning to the ERM it will be like a dog returning to its vomit."

Party sources made it clear yesterday that Mr Smith and Mr Brown were awaiting the French referendum and next

Wednesday's meetings before they made pronouncements on Labour policy. Sources close to the leadership said that Mr Smith would not commit the party to supporting re-entry into the ERM while the market was in such turmoil, although he was still committed in principle to the system.

## LABOUR

Mr Smith and Mr Brown

refused to spell out preconditions for re-entry, to put a figure on the level at which sterling should go back into the ERM, or to put any timescale on the suspension.

One shadow-cabinet member privately pointed out that the leadership seemed to have forgotten the preconditions which the party set before the government went into the

ERM in 1990. However, party officials argued that it was unrealistic to expect Labour to come up with a firm policy line when the future of the ERM and Maastricht could be determined by the French referendum.

Yesterday Mr Smith and Mr Brown went on to the attack, claiming the government's economic policy was in tatters and pressing for a full statement on an alternative policy.

Speaking in Manchester, Mr Smith called for a radical shift in government policy to restore confidence in industry and get people back to work by investing in industry and training and allowing councils to use capital receipts from house sales. "After the humiliating reversals of yesterday, John Major's government put the final nails in the coffin of its economic policies," he said.

## Beith demands an early election

BY ARTHUR LEATHLEY

LIBERAL Democrats yesterday rounded on the prime minister and the Chancellor and demanded a general election "to get rid of this discredited and incompetent government."

Alan Beith, the party's Treasury spokesman, demanded that voters be given an early opportunity to pass judgment on government failures which had brought misery to the

brought about the mother and father of a sterling crisis." Mr Beith ridiculed John Major and Norman Lamont for not accepting responsibility for the crisis and condemned the "breathtaking audacity they show in looking for someone else to blame."

During an emergency debate on the economy, the conference said that the government's policy lay in ruins and the country would have to pay for its failures through high interest rates, the effects of economic instability and returning inflation.

Toby Philpott, of Birmingham North, West, condemned the breaking up of the ERM as a "thorough disgrace" and called for a return to it within two weeks of Sunday's French referendum on Maastricht.

Broken promises, page 8  
Matthew Parris, page 18



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Photo by G. Williams/SELECT



# Europe is no longer the magic magnet for new members

FEW people doubt that the attraction of the European Community for countries applying for membership has been tarnished. Opinion polls have not yet reacted to the turbulence in the exchange-rate mechanism, but pollsters in Scandinavia expect a marked decline in support for membership, while Eastern Europe is looking with alarm at the disruption in the West.

Britain insists that enlargement of the Community remains a priority of its presidency. Officials say there is no reason to postpone the opening of negotiations with Finland, Sweden and Austria.

So far there have been no calls from the governments of applicant countries to postpone negotiations. But Britain expects that applicants will want to consider the implications of the strain on the ERM and the future of economic

and monetary union. "All this has made everyone rather nervous," one official said. If France voted "no" in Sunday's Maastricht treaty referendum, there was likely to be a pause to take stock of the implications before any other Community business could be resumed, he said.

The realignment of currencies has been followed most closely in Scandinavia. Jan Berg, a researcher at the Swedish opinion polling firm Sifo, said the events would strengthen opposition to the Community. "When the Swedish people sense danger coming from abroad, their first instinct is to look inward," he said. The most recent Sifo poll, taken in mid-August, indicated 32 per cent favouring a Swedish EC membership, 43 opposed and 28 per cent uncertain.

In Norway, which has not

The turmoil over exchange rates is giving prospective European Community nations cause to think again, writes Michael Binyon, diplomatic editor

yet decided to apply for membership, public opinion is confused by the currency crisis. Despite Norway's decision several years ago to link the krone to the ERM, it still sees all the Nordic currencies as peripheral in Europe. Norwegian attention is concentrated more on the French referendum, which is seen as crucial to the future development of the Community.

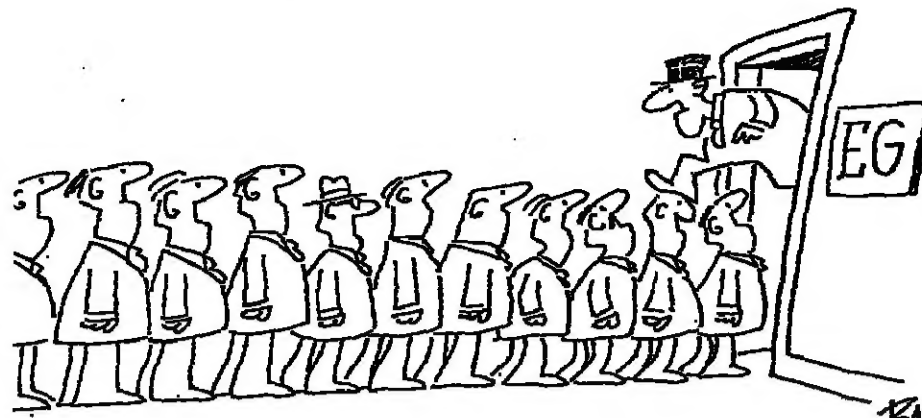
Such countries as Poland, Hungary and Czechoslovakia, with more distant prospects of EC membership, have barely been affected by the ERM decisions. But their governments will be deeply worried

by any weakening of the Community's cohesion, since they see it as an anchor of stability for the rest of Europe.

Britain was at pains yesterday to give the impression that its presidency of the Community has not been blown off course by the ERM troubles. "Life continues," an official said.

An immediate result of a "no" vote in France would be to free negotiations on enlargement from the precondition set at the Lisbon summit that Maastricht had first to be ratified in all member states.

Britain must still first broker agreement at the Edinburgh



Britain bales out as others queue to join — *Frankfurter Allgemeine Zeitung*

summit on the "Delors package" on the future financing of the Community. But officials said yesterday that Britain would press for an opening of talks as soon as possible. "The Lisbon conditions were laid

down when there seemed to be no problems with ratifying Maastricht," one said. "We will argue that they cannot now be held up until late spring" — the earliest Denmark can vote in a new

referendum. Community foreign ministers will meet in New York on Monday to discuss the results of the French referendum. The government has already made contingency plans for results

either way, and Douglas Hurd, the foreign secretary, will go on the offensive to promote swift EC action on Gatt, further co-operation over Yugoslavia and the Middle East and intensified consultations on sensitive issues such as immigration.

One obstacle to any speedy admission of new members is possible increased opposition from France and Spain, which are wary of enlarging the EC without first consolidating its structures. At Maastricht, the opposition of countries such as Spain was diluted by promises of a bigger "cohesion" fund. But if the treaty collapses, agreement on how large that should be will be that much more difficult to negotiate.

Europe's future, and Diary, page 14  
Leading article, page 15

## British charge rejected

# Waigel stung by blame heaped on Bundesbank

FROM IAN MURRAY IN BONN

GERMAN politicians and bankers yesterday angrily rejected British claims that the Bundesbank had created the EC's exchange rate crisis by undermining confidence in weaker currencies within the European Monetary System.

"I think it is unjust to try to blame the Germans. That is simply not correct," Theo Waigel, the finance minister told journalists. "I think everyone would do well to analyse themselves what should be done in their own house. I do not think much of apportioning blame, but I reject attempts to blame us."

Nevertheless, tough criticism has begun to emerge from some senior German commentators about the way the central bank has handled the crisis. On Monday it was accused of compromising its independence after agreeing to cut interest rates in exchange for a devaluation of the lira.

Yesterday even the staid *Frankfurter Allgemeine Zeitung* complained that the bank appeared to be increasingly confused. "This all does

not look very convincing," the paper said. Showing some sympathy for the British government, the paper said that it had done everything it could to push down inflation and keep a check on money supply but the point had come where it was more honourable to give up and let the market decide.

The left of centre *Frankfurter Rundschau* accused Helmut Schlesinger, the

## GERMANY

Bundesbank president, of failing to react calmly in the currency crisis and of "fanning the flames" by his remarks.

"Comments like this do not look very credible. The same is true of the demonstrative thanks poured on (Herr) Waigel for his help in arranging the lira's realignment."

Obviously stung by such comments, the Bundesbank central council sought to prove its independence yesterday when it met and ignored widespread pleas for a further cut in interest rates now that

sterling, the lira and the peseta had been forced to devalue. This was exactly what Herr Schlesinger wanted in an interview which precipitated Wednesday's run on the pound. Not only did the bank leave the rate unaltered but it cancelled the usual post-council press conference and refused even to comment on the decision.

One bank official said anonymously later, however: "The hunt for a scapegoat is in fact something which always happens in times of crisis, although everyone would do better to put their own house in order first."

Herr Waigel was visibly relieved yesterday morning that the Bundesbank would no longer have to go on buying weak pounds and lira with strong marks in order to prop up the two weak currencies inside the ERM. "Even with extensive intervention on the exchange markets it was no longer possible to hold these two currencies within the official rate," he said.

Don't blame us, page 14



Leading player: Helmut Kohl throws a ball during the annual children's party held in Bonn by the German chancellor. Yesterday his colleagues denied that the Bundesbank was to blame for the exchange-rate crisis

## Taxes up, spending down to rally lira

FROM JOHN PHILLIPS IN ROME

ITALY'S cabinet yesterday approved a draconian 1993 budget of spending cuts and tax increases worth 93,000 billion lire (£42.3 billion) to restore confidence in the lira as the Bank of Italy closed official foreign exchange markets until after the French referendum on Maastricht.

## ITALY

giving great relief of great magnitude in one of the most difficult situations in which Italy has ever found itself. The budget consisted of measures designed to cut spending by some 43,000 billion lire and raise revenue by about 49,000 billion lire, including 7,000 billion from privatisation, Signor Amato said. He indicated the government would hold a vote of confidence on the budget and associated economic reforms and resign if the package was rejected by parliament.

"We Italians must restore our faith in ourselves and restore the faith in our country and our currency of those who watch us from abroad," he said. "The life of the government is entrusted to this manoeuvre." He said he was confident the package would soon bring about "the recovery of credibility in our currency".

Emilio Colombo, the foreign minister, called for an emergency European Community summit after the referendum in France. "We will see what the result of the French referendum is and then there must be a summit to weigh up the results and to restore immediate monetary discipline as quickly as possible," he said. The meeting should be held before the EC summit set for December, he said.

The Bank of Italy closed its official exchange rate yesterday morning until Tuesday to protect the currency from speculation as the French vote on Maastricht approached. Earlier the lira was suspended from the EC's currency grid. The central bank told the EC monetary committee it would not intervene until Tuesday to keep the lira above its new ERM floor, fixed on Sunday when the Italian currency was devalued by 7 per cent. The last time Italy closed financial markets was in 1976, amid fears that the Communist party would form a government.

The lira lost ground against the German mark and the dollar in unofficial trading before the budget announcement yesterday but share values on the Milan stock exchange rose by 3.74 per cent in anticipation of the package to recover much of the 5 per cent slide in values on Wednesday. The lira oscillated between 840 and 850 lire to the mark at noon yesterday, compared with the official fixing of 814.3 on Wednesday. Sterling fell to 2197 lire from 2252.50 lire.

The prime minister announced cuts in Italy's "golden" pension system. Payment of all new pensions other than those for old age were blocked with immediate effect until the end of next year. A new law to reform the state pension structure would be bolstered to make the minimum retirement age 65 instead of 60 for men and 60 instead of 55 for women, Signor Amato said.

National health spending also was slashed, with payment required for drugs and medical assistance for everyone with an annual income of 40 million lire (£18,000).

## Madrid endorses 5% cut in peseta

FROM EDWARD OWEN IN MADRID

CARLOS Solchaga, the Spanish economics minister, has defended his government's decision to devalue the peseta by 5 per cent and reaffirmed its commitment to the exchange-rate mechanism and the Maastricht treaty.

Speaking in the lower house of the Cortes in Madrid yesterday, he said that after Spain had seen how the pound and the lira had suffered before their withdrawal from the ERM, the Spanish authorities had devalued to avoid an increase in interest rates and a big fall in the peseta's value.

## SPAIN

The intervention of the Bank of Spain had been limited, thus saving currency reserves.

Analysts predict that inflation in Spain will rise by an additional percentage point, exports will be cheaper, imports, including oil, dearer and tourism hardly affected by the yesterday's devaluation.

Felipe Gonzalez, the Spanish prime minister, said yesterday in Berlin before returning to Madrid from a meeting of the Socialist International that Spain still firmly supports Maastricht's objectives. Those objectives "must continue to be maintained," he said. He added that "absolute rigidity" was not vital and that there had to be some give and take, pointing out that one of the Maastricht objectives was to prevent the sort of "turbulence and speculation" of the past few days.

The move was generally welcomed in the Spanish financial sector where a devaluation had been expected. "The Bank of Spain has done it very well," one analyst said. "The devaluation is small and there is no need to change the monetary policy and the peseta stays within the EMS."

Fernando Panizo, secretary general for tourism, said: "The devaluation will have positive effects in the short term on the tourist market."

## Bérégovoy wields pound's plight to defend Maastricht

FROM CHARLES BREMMER IN PARIS

## FRANCE

FRENCH leaders brandished the plight of the pound yesterday as a warning of a fate that could befall France as mainstream politicians and the press appealed to voters to put aside their grievances and vote "yes" for Europe in Sunday's referendum.

News of the monetary tempest was slow to penetrate the Maastricht debate in France because the franc remains one of Europe's stronger currencies and attention has been more focused on the cancer that has suddenly cast doubt on the future of President Mitterrand.

However, Pierre Bérégovoy, the prime minister, and other leaders quickly seized the political implications. "If France votes 'no', the EMS will enter a crisis," he said. "I do not want to exercise any pressure on the consciences of the French, but I do not want them to say they have not been warned."

Like every event touching on Maastricht, the crisis was interpreted in diametrically opposing ways. While *Le Monde*, the government and market commentators saw it as perfect proof of the need to move to a single currency, opponents of the treaty greeted it as testimony to the opposite.

Charles Pasqua, one of the two Gaullist champions for rejection, said the devaluation showed that the existing system was superior to a single currency. Opponents seized on a statement by Michel Sapin, the finance minister, which hailed the strength of the franc. "The franc is in the group of the most solid currencies of the EMS. In the future, its value can only appreciate."

The French central bank, however, did intervene during trading yesterday to keep the franc firm.

publican Party, a division of the UDF, asked why the announcement had not been held until after the vote.

In typically incendiary fashion, Jean-Marie Le Pen, the leader of the far-right National Front, outraged politicians on both sides in a national television debate when he insisted that he had proof that "the president's operation was timed to suit the campaign". A group of left-wing anti-Maastricht leaders walked out of the television studio in protest as M. Le Pen went on to exchange insults with Elisabeth Gigué, the European Affairs minister, and with Bernard Kouchner, minister for humanitarian action.

Although M. Mitterrand insists that he is fit and has "not even thought about leaving", speculation is intense that he may announce plans to retire soon after the referendum, whatever its outcome. Several newspapers jumped the gun yesterday, saying the campaign for his succession had effectively opened. While the media welcomed the new found openness with which the presidency has treated M. Mitterrand's ailment, medical experts questioned whether the whole truth had been disclosed.

L&T section, page 5

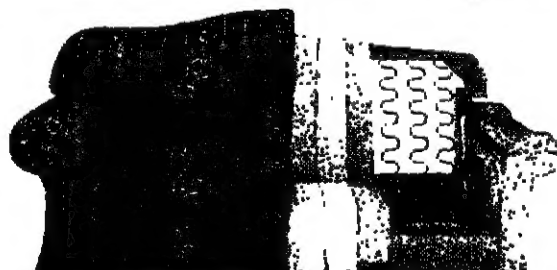


Bérégovoy: No pressure on French consciences

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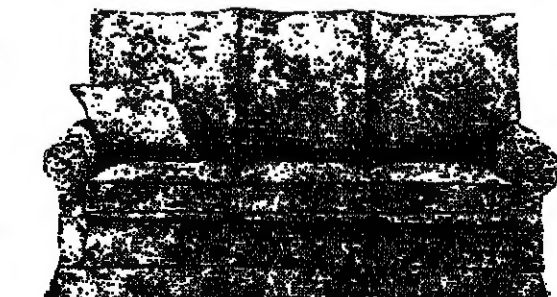
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## Supermarkets withdraw suspect cooked meat as a precaution after public health warning

## Labour urges enquiry into infected pork

BY ALISON ROBERTS

THE Labour party called for an immediate investigation into toxin-infected pork yesterday after the health department issued a warning to the public not to eat the contaminated produce.

The cooked meat, sold in supermarkets across the country, was produced by Baron Meats of Wisbech, Cambridgeshire, who discovered an unidentified organism in the meat five weeks ago.

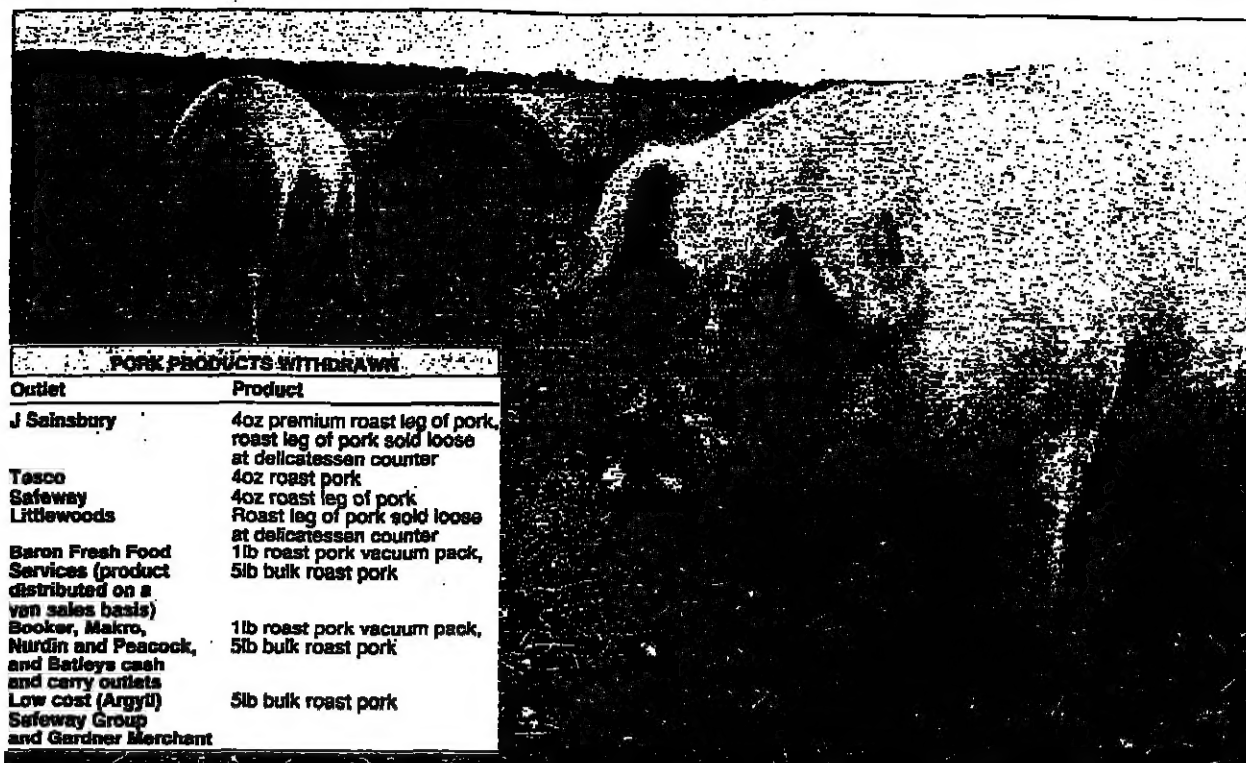
The firm's parent company, Hazlewood Foods, said last night that it had called in investigators from the Camden Food Research Association, who recognised the organism which causes botulism food poisoning two days ago. Simon Wooley, company spokesman, said: "Only pre-cooked pork is at risk. There is no risk to frozen pork, sausage rolls, bacon or ham." The

contamination had been discovered when the company used new tests.

Nigel Griffiths, shadow consumer affairs minister, said: "The health department must carry out an enquiry to determine how the meat came to be infected, when this was known, whether there were any delays in informing the public, and what steps are recommended to all meat processors to ensure there is no recurrence of this elsewhere."

There have been no reports of illness caused by the pork, but supermarkets have withdrawn all packets produced by the company "as a precaution."

The government has warned the public not to eat products sold at certain named outlets, to destroy open packets of the produce and to return unopened goods to the



Danger list: the products taken off supermarket shelves. The source of the contamination is still unknown

point of purchase. The health department was told that "indications of pre-formed Clostridium Botulinum toxin" were present in uncooked cooked pork products by Baron Meats, who had traced the organism in routine quality control tests.

Meanwhile, police in London were called to track down a party of French students whose lunch boxes had been packed with potentially contaminated pork sandwiches. A police patrol, alerted by an all-points bulletin, found the tourists near Marble Arch

and seized the sandwiches. The onset of illness caused by the botulism organism usually occurs between 18 and 36 hours after eating a contaminated meal, but can be delayed by up to eight days. Symptoms are sudden and include vomiting, diarrhoea

and eventual paralysis. Medical treatment must be sought urgently and the patient treated with anti-toxins. Yesterday, Baron Meats was still trying to establish how the contamination occurred and exactly how many outlets were involved.

## Deadly bacterium that is easily killed

BOTULISM outbreaks in manufactured foods are rare in Britain but deadly and expensive when they occur (Alison Roberts writes).

Clostridium botulinum is an unusual bacterium that is easily killed by heat but remains dormant when in contact with the air and becomes active only when vacuum-packed. Cooked meats are notorious for contamination — last year 21 per cent were considered in need of investigation — so, if present, the bacteria rarely survive.

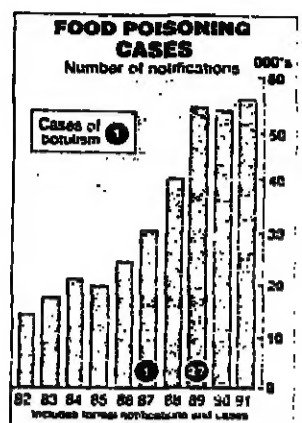
However, botulism is the most dangerous natural poison produced by creatures. One gram can kill between 100,000 and ten million people. Victims are paralysed by the toxin that the bug produces, rather than the bacterium itself.

Botulism can infect food after processing or when the procedure goes wrong. If other bacteria are killed during processing but heating procedures are faulty, botulism can survive undetected.

The last big botulism scare was in June 1989 when hazel-

nut yoghurt was infected with contaminated puree. An elderly woman died and 26 people were taken to hospital with severe food poisoning. Supermarkets say it took more than six months before hazelnut yoghurt was again bought in normal quantities.

The Institute of Food Research in Reading, Berkshire, is establishing a data base for manufacturers to check processes. The system will evaluate laboratory tests and deliver a safety verdict in minutes.



## England rugby star cleared of GBH

A rugby player capped 23 times for England was cleared yesterday of causing grievous bodily harm to an opponent in a "friendly" club match. Gary Rees, 32, sobbed outside Kingston Crown Court, southwest London, as he was hugged by his parents and his girl friend. Mr Rees, a financial adviser, of Kegworth, Leicestershire, said that he had never condoned violence.

The prosecution had alleged that Stefan Marty, a physical training instructor playing for London Irish against Nottingham last January, was deliberately punched from behind by Mr Rees after a line-out. Mr Marty, 31, suffered a compound fracture of the jaw, had to have two teeth removed and a metal plate inserted. He was put on a liquid diet, lost 20lb and has not played since.

Mr Rees had told the jury, who took 3½ hours to consider their verdict, that Mr Marty had fouled him continuously in the match. Mr Rees, a 16st flanker, decided to draw the referee's attention to the obstruction by "barging" him to the ground with a "sweeping motion" from his right arm. Judge Baker said that although rugby involved a lot of physical contact, "the law of our country does not stop at the touch-line."

Mr Rees's solicitor, Neville Radcliffe, a vice-president of Nottingham Rugby Football Club, said outside the court that the player and club had expressed their sympathy to Mr Marty days after the incident. "The proper place for genuine sporting disputes to be resolved is within the auspices of the sporting authorities," Mr Radcliffe said.

## Fire bomb attacks

Scotland Yard's anti-terrorist branch was yesterday investigating fire bomb attacks at Madame Tussaud's, the London Planetarium and the Imperial War Museum. The devices exploded on Wednesday night. Waxworks of the bodysnatchers Burke and Hare in Tussaud's Chamber of Horrors were seriously damaged. The attacks on tourist attractions mirror past fire-bombings in central London by the IRA. As firemen dealt with the attack at Tussaud's, a second device went off near by at the Planetarium, damaging seats in the auditorium. The fire at the museum, in south London, started in the lower basement floor near a display on trench warfare. Minor damage was caused.

## Mellor will not testify

David Mellor, the heritage secretary, will not be called to give evidence in the libel case brought by Mona Bauwens, daughter of a leading PLO member. Mrs Bauwens is seeking damages from Mirror Group Newspapers, publishers of *The People*, claiming that an article about a holiday she took with the Mellor family at the time Iraq invaded Kuwait branded her a "social leper." Philip Windsor, reader in International Relations at the London School of Economics, yesterday said PLO support had strengthened Saddam Hussein's hand diplomatically. He said it would be over-simplistic and naive to describe the PLO as a terrorist organisation. The case continues today.

## Judge fights road plan



Britain's most senior woman judge, Dame Elizabeth Butler-Sloss, left, yesterday gave evidence at a public enquiry to try to prevent a dual carriageway being built close to her home at Marsh Green, Devon. Dame Elizabeth, 59, a Court of Appeal judge, said: "You cannot go on ruining rural life just because people want to get from A to B as fast as they can."

## Garden tools warning

Gardeners are being offered dangerous power tools for hire that could maim or kill, *Gardening from Which* says. A survey by the magazine found that many hire shops seldom gave the right advice on how to use tools safely. A third of power saws and hedge trimmers had serious safety drawbacks because of poor maintenance or outdated design. Since a similar survey in 1990, however, more shops are keeping their tools in good condition and more are offering protective clothing.

## PC faces retrial

An Old Bailey judge yesterday ordered the retrial of a policeman accused of planting drugs on a black car mechanic. Judge Parker, QC, discharged a jury unable to agree after nearly five hours. It had been told that Rupert Taylor, 32, of Notting Hill, west London, had been arrested by PC David Judd, 36, for having cannabis, and had been acquitted after saying it had been planted on him. PC Judd, of Ruislip, northwest London, denies doing acts tending or intended to pervert the course of justice.

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## Fishing crew escape after line snagged by US submarine snaps

BY KERRY GILL

THE skipper of a fishing boat told last night how hawsers snapped and saved him and his six crew from drowning after the American nuclear-powered submarine USS Sturgeon caught his nets as he was trawling in the North Channel, between Scotland and Northern Ireland.

Paul Johnson said his boat, the *Lupina*, was dragged astern and he feared it would be pulled under the water. "I thought we had snagged our nets on the bottom," he said. "But once we started to move backwards I knew something was amiss."

"We were flying through the water at a powerful rate of knots and were starting to be pulled under. When I jumped from the wheelhouse down to the side deck the water was up to my waist and I had to pull myself through it to get to the crew accommodation to warn them. If the wires hadn't snapped under the pressure it would have been all over in a matter of seconds and we wouldn't be here. It is a disgrace that the fishing grounds where we try to make a living are dangerous for trawlermen because these guys want to play games under the water."

"It will happen again and I just hope the next crew get

away as luckily as we did. We were within one minute of another *Antares* tragedy."

After the incident, the *Sturgeon* was able to manoeuvre using an auxiliary propulsion system but had to be towed into the naval base at Faslane, Strathclyde. US navy personnel, aided by a British team, were sent to the scene and the *Lupina* was able to return to its home port of Killybeg in Northern Ireland under its own power.

The US Navy has launched an enquiry into the accident. It is less than two years since the submarine HMS *Trenchant* sank the Scottish trawler *Antares* off Arran in the Firth of Clyde, with the loss of four lives.

After the sinking of the *Antares*, regulations ordered that submarines should keep 4,000 yards away from fishing boats when underwater and 1,500 yards away when operating at periscope depth. Last night, it was still unclear whether the *Sturgeon* was submerged or at periscope depth when it hit the nets. Its position at the time of the incident, late on Wednesday night, will form part of the investigation.

Lieutenant Kate Bankier, speaking from Faslane, said the *Lupina* had been working

in a zone that had been notified as a submarine operating area. She said the *Sturgeon* immediately surfaced to check that all was well with the fishing vessel and her crew.

Mr Bankier said the *Lupina* should have received information that the area was being used for a submarine exercise. Regulations stated that such information had to be broadcast every six hours with a 12-hour update. But she said the *Lupina* had every right to be in the area and the onus was on the submarine to keep a lookout for fishing vessels.

George Foulkes, Labour's defence spokesman and president of Clyde Fishermen's Association, last night demanded a ban on submarines in recognised fishing areas. "Until they stop submarine exercises totally in fishing areas, fishermen will not be safe," he said.

"I am calling on them again to agree now to stop all submerged activity in recognised fishing areas."

Dick James, of the Northern Ireland Fish Producers' Association, said he would be telling the Royal Navy in strong terms that their procedures for avoiding fishing vessels were deficient, and the association would be claiming for the damaged nets.



Labour of love: Peter O'Toole with Tara Fitzgerald, who plays opposite him in *Our Song*, which opens at the Apollo Theatre, London, on November 3. The play, about a doomed affair, is adapted by Keith Waterhouse from his novel

## Producers protest at BBC time limits

BY MELINDA WITTSOCK  
MEDIA CORRESPONDENT

THE breadth and quality of BBC documentaries and factual series are threatened by a stringent new staffing formula that imposes the same strict production time limits on all programmes within a genre regardless of their content. BBC programme department heads and producers have disclosed.

As BBC management met yesterday to agree about £80 million of cuts over two years in non-programme making overheads and about 1,250 job losses, BBC producers said that programme budgets were being dictated by a "network staffing model". The system was devised by Jane Drabble, assistant managing director of BBC Television, and sets out strict staffing levels and time limits per programme type.

Salaries will now be paid directly out of programme budgets, effectively turning many BBC programme-makers into freelancers no longer paid between projects.

Producers fear that the new rules, modelled on staffing levels of lower-budget series such as *Everyman*, will threaten investigative journalism, particularly programmes taking more than a year to research.

Andrew Neal, who resigned last week as head of the BBC natural history unit, said the scheme was "a bizarre and unnecessary bit of bureaucracy" that could also threaten some highly acclaimed natural history programmes. "Department heads should be trusted to spend money wisely. If we're irresponsible with money we should be fired; if we deliver good programmes on budget we should be left to get on with it."

Cuts being announced today should free more money for programme-making. But one editor said that BBC managers were naive to believe that crude measures of productivity, which might work in a biscuit factory, could be applied to programme-making. "Some films take two weeks to make; others take more than a year."

Ms Drabble, who drew up the model with a consultant, David Carpenter, said that the staffing model was just a tool for calculating budgets. "It is up to programme-makers to decide how to spend those budgets. There is some flexibility. This is a guide, a very useful starting point," Jonathan Powell, BBC1 controller, said the staffing model was an effort to use staff more efficiently.

Mr Neal said that many talented people would go without pay while waiting to see if their programme had been commissioned.

## NEWS IN BRIEF

### Sex game killer jailed

A man who choked his friend to death in a homosexual bondage session was jailed for three years yesterday.

Frank Reilly, 44, regularly encouraged James Duffy, 61, to tie him up and knot electric flex around his neck. The Old Bailey was told. One session went wrong when Duffy, the husband of Reilly's ex-wife, was drunk and tied the flex too tightly.

Hubert Dunn, QC, for Duffy, said: "Reilly liked the idea of being bound up and of sex with pain and humiliation." Duffy, of Canning Town, east London, admitted manslaughter. His plea of not guilty to murder was accepted.

### Drug prince

A member of the Kuwaiti royal family who admitted possessing drugs was given a conditional discharge after a Horseferry Road court in London was told that he was distressed after seeing his father shot during the Iraqi invasion. Prince Dhari Fahad Al-Sabah, 20, had 21 small bags of cannabis when police stopped him last month.

### Murder charge

David Chopping, 34, of Nottingham, was remanded in custody by the city's magistrates accused of murdering Brian Clayton, 59, of Melton Mowbray, Leicestershire. Mr Clayton's body was found at Nottingham Midland rail station on Sunday.

### Grave error

An elderly woman awoke from a nap at her home in Barnby Dun, South Yorkshire, to find that a policeman checking her welfare had reported her death and was awaiting an undertaker.

### Birth setback

The Israeli government has blocked a plan for six British women to give birth among dolphins in the Red Sea. The women will instead give birth in plastic pools at a Jerusalem hospital.

### Minibus crash

Ten people were injured, two seriously, when a minibus thought to be carrying students overturned on the M4 near Cardiff.

### Flying chance

John Hickbottom, a flying instructor, is offering 40 free lessons to anyone who will buy his £190,000 house in the Malvern Hills near Hereford.

### Fire kills pigs

More than 120 pigs died in a barn fire started by arsonists at Cleadon Grange Farm, Cleadon, Tyne and Wear.

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## The Gospel according to A.N. Wilson



In The Times Saturday Review this week, Lord Longford examines A.N. Wilson's controversial new book about Jesus, and A.N. Wilson describes how growing doubts caused him to lose his faith - and discover Jesus.

THE TIMES



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# The Economist



Liberal Democrats at Harrogate: a divided conference overshadowed by the sterling crisis

## Ashdown attacks 'worthless pledges' to the electorate

BY SHEILA GUNN  
POLITICAL CORRESPONDENT

THE government is living on borrowed time after the collapse of its economic policy, Paddy Ashdown said yesterday. The pledges of John Major were now worthless and Norman Lamont was a "man of straw".

In his speech at the close of the party conference, the Liberal Democrat leader stopped short of demanding either the heads of the prime minister or his Chancellor, or an early general election, for fear of further undermining confidence in sterling. But he said: "They will be held to account for what they have done. For the moment, our first concern must be for those who are the victims of their failures."

His speech focused on the options facing Mr Major and the "lack of leadership" afflicting the government and Labour alike. "Our party conference ends in the middle of one of the most serious crises in our modern history: a crisis not just of currencies and the economy, not just for Britain and Europe, but a crisis of confidence in our entire system of government itself," he said.

"When people find that they can no longer trust the most solemn words of our national leaders, that the pledges of our



Ashdown: winding up conference yesterday

prime minister are worthless, that the Chancellor of the Exchequer is a man of straw, small wonder that they feel betrayed."

He warned the prime minister that, unless Britain could recover and rediscover the will

to invest and build for the long term, it was in grave danger of slipping into permanent economic decline.

Mr Ashdown promised the government his party's short-term support if Mr Major made a full statement on government strategy, confirmed an early re-entry into the ERM and allowed the Bank of England to act as an independent central bank.

Many representatives had looked for a stronger condemnation of Mr Major and a demand for an early election. Later Mr Ashdown told journalists he wanted to put the political implications to one side for the time being.

In his speech he said the government had offered complacency rather than action, and inertia instead of leadership. "From this moment onwards, this government is on

borrowed time." One of his chief fears was that the currency crisis would bring about a total rejection of closer European co-operation and a return to isolationism, racism and right-wing fanaticism.

Mr Ashdown left the conference satisfied that he had won the party's authority for the pursuit of his idea of promoting a pluralist form of politics through informal contacts with other parties and the uncommitted, but with objections to a formal courtship of Labour ringing in his ears.

He devoted less of his speech than usual to attacking Labour because, he said, it was at a crossroads and must decide whether to be a force for or an obstacle to change. His supporters departed knowing that their fate depended almost entirely on which course Labour takes.

John Major wrote to Mr Ashdown yesterday, rejecting his call for inter-party talks on the economy, although he said he would be happy to meet Mr Ashdown before next Thursday's Commons debate for a private discussion.

As he left the conference the Liberal Democrat leader said that Mr Major's response "indicates his misreading of the mood and his complacency".

Currency crisis, pages 2-4  
Matthew Parris, page 18

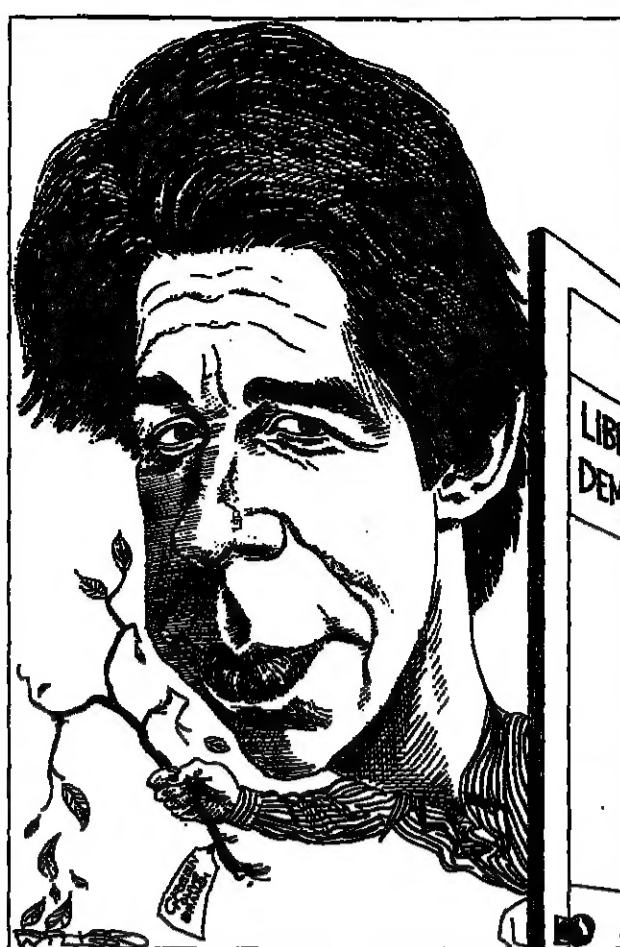
### Liberalism in moderation

LIBERAL Democrats were warned against abusing the employment rights of catering staff by late-night socialising at their next conference (Arthur Leathley writes).

Tony Skelton, chairman of the Association of Liberal Democrat Trade Unionists, said that, during this week's

conference, members drinking late into the evening had consistently given bar and restaurant staff no choice but to work extra hours.

Calling on members to "practise what they preach", he said there should be no repeat at the party's 1993 spring conference in Nottingham.



Peace offering: Jonathan Porritt, the former chairman of the Green party, unexpectedly addressed the conference yesterday, urging Liberal Democrats to take advantage of the split within the Green movement (Arthur Leathley writes). He welcomed the decision taken on Wednesday to talk to other parties.

and said that the Liberal Democrats should take the opportunity offered by "the political vacuum elsewhere in the Green political scene". The Green party is recovering from a dispute at its recent party conference which led to the resignation of Sara Parkin as chairman of the party's executive committee.

## Slow down, you're going too fast

Delegates reined in the leadership. Robin Oakley writes. But they failed to answer the question: "Where do we go from here?"



The Liberal Democrats left Harrogate yesterday still suffering from a mild case of schizophrenia after a scratchy week overshadowed by economic turmoil.

Much of the week was spent deciding whether their future lies as a pressure group, a sort of think tank with MPs, or as a full-blown party seeking power. And if they opt for the latter, do they seek deals with someone else as a halfway house?

Paddy Ashdown wants to nudge them along the path towards simultaneous co-operation and competition, so-called pluralist politics. There is little doubt that he hopes for Labour to achieve electability and then to be able to do a deal with John Smith.

But delegates streamed to the rostrum in the anguished debates on the party's future to insist that there could be no pacts with Labour. They fear loss of their identity.

As Lindsay Granshaw, rapporteur of Sunday's talk-in, put it: "Some felt that Labour was too rotten, corrupt and self-seeking to be worth talking to at all." But Mr Ashdown was given the freedom at least to start a dialogue with others.

The other paradox is that while Mr Ashdown is looking wistfully towards co-operation with Labour, the Liberal Democrat leadership was under fire for moving too far to the free-market right. The Challenge, Opportunity and Responsibility policy document pushed by Mr Ashdown survived only by 13 votes. And there was a string of reverses for the platform on issues ranging from prostitution to hunting. There was a slight stropiness about this conference, a touch of "We'll decide that, thank you."

When David Steel led the Liberals, a more radical party was always pushing him on policy. Under the restless, perpetual-motion Mr Ashdown, it is the party which seems to want the leadership to slow down, to establish a new identity "calmly and cautiously" as the party president, Charles Kennedy, put it in what looked like the gentlest of warnings to his leader.

It was a letting off steam conference. In the run-up to the election the fringe-issue merchants had allowed themselves to be muzzled. This year the leadership allowed the activists free

rein. It was a little more like the old Liberal party. A number of speakers had to correct themselves from "fellow Liberals" to "fellow Liberal Democrats".

There was nothing depressed about this conference, however. The Liberal Democrats have the kind of stickability which enables obsessives with different hobbies to construct models of the royal yacht from discarded pipe cleaners.

They admit that they did not do as well in April as they had expected ten days before the end of the election campaign. They were disappointed to return to Westminster with two MPs fewer than at the start of that election.

But they make the comparison with two years before the election when, after the trauma of the Alliance break-up, they had sunk to 4 per cent in the polls and appeared destined for oblivion. They have, according to polls, the most popular leader. And since they have done better in the past at picking up by-elections under Tony governments than under Labour, there is confident talk already of doing so again.

None the less, the Liberal Democrats remain puzzled about what they must do to become something more than a party of local government (where they have 3,500 councillors) and of parliamentary by-elections. There is a general feeling that things cannot go on quite as they are.

However, that new policy document Challenge, Opportunity and Responsibility presented as an early trailer, heaven help us, of the next election manifesto, is full of questions rather than answers.

Is it still justified for the state to provide universal services for all, or is a greater measure of targeting necessary (not as difficult for Lib Dems, committed to a merger of tax and social security systems, to swallow as it is for Labour, which has begun asking the same question). And, strikingly for a party traditionally devoted to Keynes and Beveridge: "Is full employment any longer achievable, or even desirable?" No wonder Mr Kennedy called the debate on party strategy "the debate that the Tories and Labour dare not have".

## Council tax based on 1991 house prices

BY DOUGLAS BROOM  
LOCAL GOVERNMENT CORRESPONDENT

THERE will be no wholesale revaluation of the 20 million homes in England liable for the new council tax, even if property prices continue to fall, John Redwood, the local government minister, said yesterday.

Houses would be taxed on the basis of their value in April 1991 "for the foreseeable future". He believed the new tax would be successfully introduced next April to replace the poll tax. Every home in the country has been placed into one of eight council tax bands and householders will be told in March which band their home is in.

"The bands are quite wide and they are designed to reflect the relative values in an area. There should be no need to change as prices change because the relative values will remain the same," Mr Redwood said.

Defending the decision to choose April last year as the valuation date, he said: "We had to pick a common base date and we took April 1991. That was not the peak of the market and values had already fallen some way."

He was speaking at the launch of a £3 million publicity campaign to explain the new tax to householders. Every home in England will be sent an explanatory leaflet next week. Mr Redwood said he did not expect a large number of appeals against banding because the valuation exercise had led to more homes being

put in the lower bands than had been expected.

He condemned Labour for misleading people about the valuation exercise. Labour had claimed that because fewer homes were in the high value bands, people in lower bands would have to pay more.

Areas with large numbers of low-value properties would receive extra grants to compensate for their reduced tax base. The grant system was designed to enable every council to levy the same tax rate if it spent at target level.

"Far from causing concern I expect that the results of the banding exercise will leave many people, particularly in London, feeling very relieved because their home will be in a lower band than they expected," Mr Redwood said.

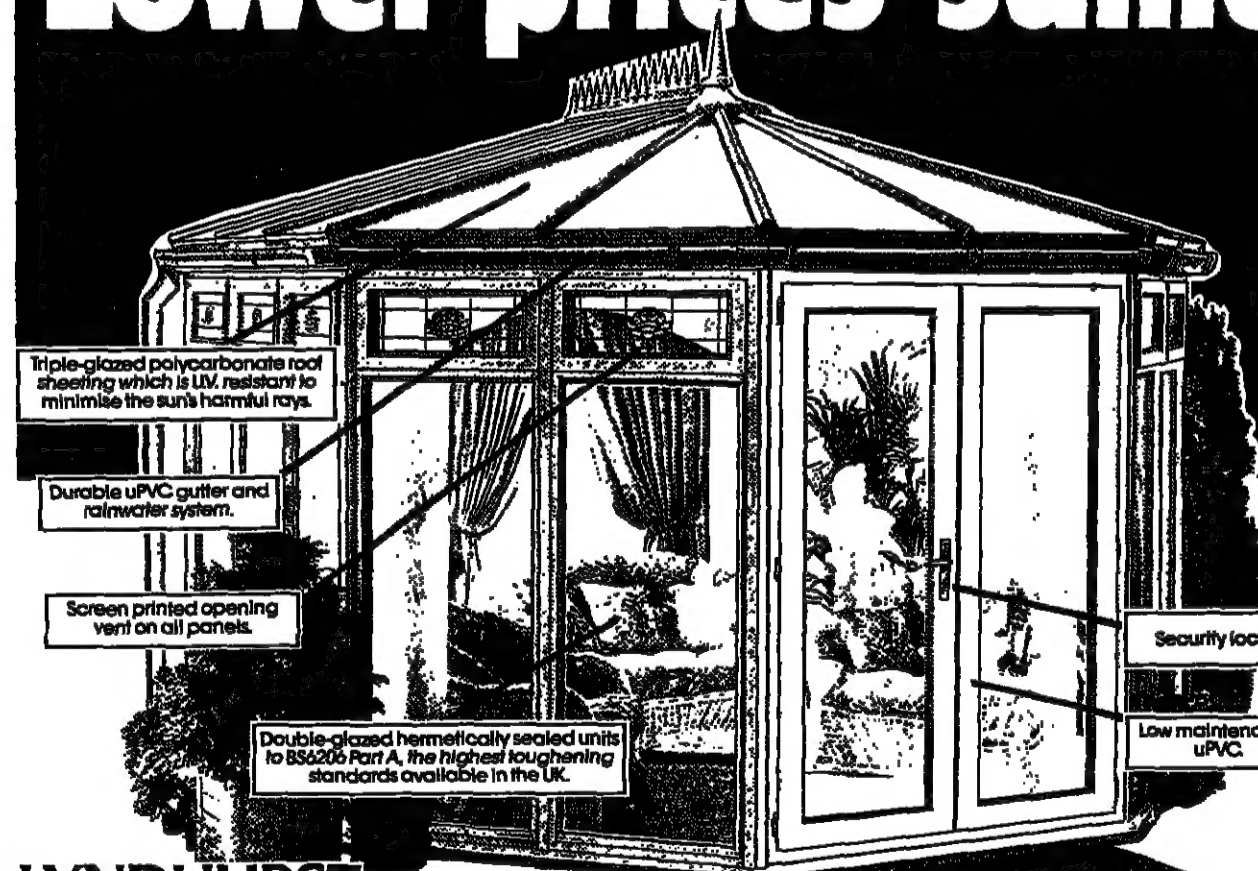
He refused to disclose what the government expects the first council tax bills to average. There are 366 taxing authorities, each setting eight bands, so there will be wide local variations," he said.

The government plans to publish six leaflets explaining all aspects of the new tax from valuation appeals to benefits. They will be available on request free of charge in 11 languages, in large print and in Braille. Council tax bands are: A up to £40,000; B £40,001-£52,000; C £52,001-£68,000; D £68,001-£88,000; E £88,001-£120,000; F £120,001-£160,000; G £160,001-£320,000; H over £320,000.

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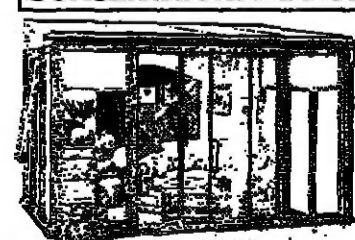
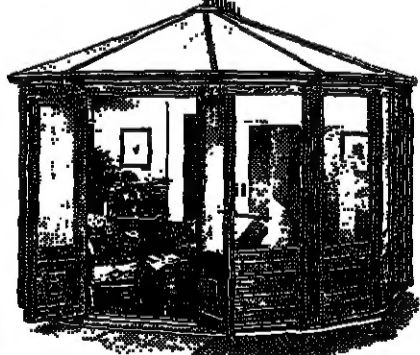
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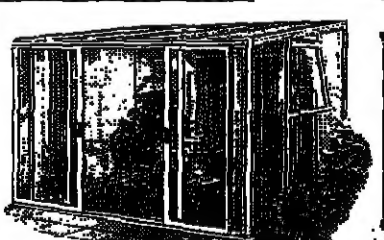
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A "Leanto" with versatile uPVC design. All panels feature a screen printed opening vent. Available in 3 sizes. Example shown: Model M5GG 15'8" (4790mm) wide x 7'11" (2423mm) deep x 8'0" (2438mm) high.

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## Instant check alerts shops to credit card fraud gangs

By Nick Nuttall, Technology Correspondent

SHOPPERS who change radically what they buy might soon be subjected to personal questions in stores.

An artificial intelligence computer system has been developed by Barclays Bank to monitor patterns of spending with credit and debit cards. The system, partly developed with European Community funding, tries to match daily purchases with a customer's past spending.

Changes in buying patterns, monitored as shops telephone for authorisation, alert fraud prevention staff at headquarters to the possibility that a stolen or counterfeit card is being used. They will ask to talk to the card-user on the telephone to verify, from information held by the bank, the user's identity, while alerting police to a possible crime. Barclays plans to introduce an automatic version next year.

An 18-month pilot scheme, in which the computer has studied spending patterns based on receipts, has identified ten frauds a day. The bank says that only one customer thought that the system raised questions of privacy.

Barry Fergus of Barclays said the computer took only two milliseconds to query a purchase. He refused to disclose patterns that would trigger an alert, but indicated that sudden changes could do so. He said that much of card crime was committed by petty criminals hired by large-scale operators, who handed them stolen cards to buy easily resalable goods such as cigarettes and alcohol.

Barclays yesterday unveiled two so-called biometric systems that it thinks may become weapons against card fraud if made sufficiently cheap and efficient. One, a fingerprint system, matches a shopper's fingerprint with a coded copy on the card. The other matches the way people write their signatures with a signature pattern on the card.

Li Banking facilities for people under 18 are a growing cause for concern, consumer groups and the banking ombudsman said yesterday (Louise Hidalgo writes). The Consumers' Association is to investigate the case of a boy of 14 who opened an account with National Westminster and was allowed to withdraw £50 a week although his initial deposit was only £20 and his weekly earnings were £15.

National Westminster said that only a few young people had abused its Card Plus account. It could not check a balance against money taken out at the time of withdrawal.

## Scientists test bones for proof of tsar

By Nigel Hawkes, Science Editor

FORENSIC scientists yesterday began testing a bagful of bones that may hold the secret of what happened to Tsar Nicholas II and his family.

The latest methods for analysing the genetic material DNA are being used to determine whether nine skeletons dug from a pit near Ekaterinburg in the Urals are the remains of the Russian royal family, slaughtered after the Bolsheviks seized power in 1917.

The bones have been brought to Britain by Dr Pavel Ivanov, of the Moscow Forensic Institute, who is joining scientists at the Home Office's central research and support establishment at Aldermaston, Berkshire, for the six-month project.

Yesterday, standing behind two polythene bags containing a few discoloured bones, Dr Ivanov said that Russian tests had provided "good evidence" that the bones were those of the royal family, but the DNA techniques pioneered in Britain were needed to be certain.

The bones on display at the Home Office were, he believed, the left leg bones of the Tsarina, and the left thigh and upper arm bones of the Tsar. The team will try to



Putting bones to faces: photographs of the Tsar Nicholas II, right, and the Tsarina, and samples of the bones believed to be theirs

extract sufficient DNA, of a type passed down only by women, to show whether individuals in the group are related. If this succeeds, they will compare the DNA profiles with those of descendants of the Tsar's family in

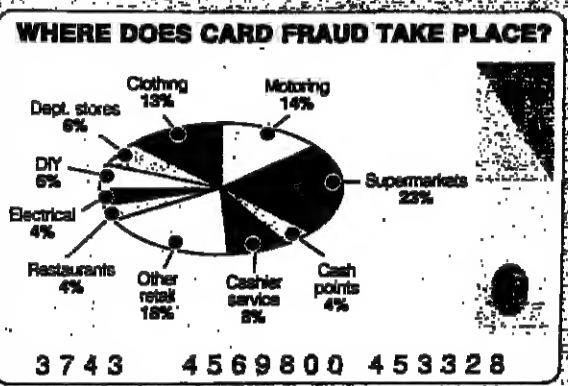
the maternal line. If the bones are those of the royal family, they will find that the DNA chain sequences of the children are identical to those of their mother, the Tsarina.

The Tsar will show a different sequence, as will the bodies of the family doctor and three servants also believed to be among those killed and buried in the pit.

The final step will be to find living relatives of the family who can trace their lineage back through the maternal line to the mother of the Tsar and the mother of the Tsarina. A small clipping of hair from a living relative will be enough to produce a sequence to compare with those in the bones, identifying the remains positively.

The leading candidate for DNA samples would be the Duke of Edinburgh, whose maternal grandmother was a sister of the Tsarina.

Leading article, page 15

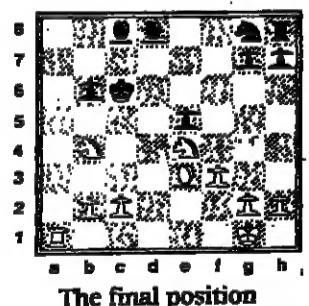


## Fischer overwhelms Spassky in 21 moves

By Raymond Keene, Chess Correspondent

THE old Fischer magic returned in spectacular form for game nine of his match against Boris Spassky on the island of Sveti Stefan.

Fischer won the game in only 21 moves, forcing Spassky into the quickest defeat of his career. He has now won the last three games and leads by four wins to two.



The final position

The winner of the match will be the first to win ten games.

The opening of the game, with Fischer playing white, was Fischer's favourite Ruy Lopez. On the fourth move, he resorted to the exchange variation. The American's 15th move caught everyone by surprise: a pawn sacrifice that Spassky could not accept.

Fischer's key move was the 19th, a knight sacrifice that could be accepted only with fatal consequences.

White Black White Black  
1 e4 e5 12 Bc5 b6  
2 Nf3 Nc6 13 Qd4 Qc7  
3 Bb5 a6 14 N5 Kb7  
4 Bxc6 Qxc6 15 e6 Be7  
5 Q-Q 16 16 Rxc6 Bxc6  
6 d4 exd4 17 Nxd4 Kc5  
7 Nxd4 c5 18 exd5 cxd5  
8 Nf3 Qxd1 19 Nf3 Bc8  
9 Rxd1 Bg4 20 Nf3 Bc8  
10 Q2 Bg4 21 Nf3+  
11 Nc3 Bg5 Spassky resigns

## Soldier who hit men is jailed

THE son of the regimental colonel of the Duke of Wellington's Regiment was jailed for eight weeks and dismissed the service after he pleaded guilty at a court martial yesterday to assaulting a barman and injuring another officer.

Second Lieutenant James Mundell, 22, was serving with the regiment at Bulford Army camp, Wiltshire, on April 9 when officers were holding an election night party, the hearing at Bulford was told. When a Labour MP was returned, Mundell broke a window with his hand.

The steward, Private Richard Downs, 19, complained and Mundell told him: "You are here to serve officers and not to tell us what we can't do." He pushed Pte Downs off a chair and punched him.

Later, he and Lt Andrew Hadley, 24, burst into the room of 2nd Lt Richard Breary, woke him and asked him to toast the Tory success. He refused and the pair attacked him.

Hadley denied causing actual bodily harm. He told the court: "It was just drunken, boisterous behaviour."

Mundell said: "It was a prank that went very wrong." His father, Brig W.R. Mundell, is on leave pending retirement. The sentences are subject to confirmation.

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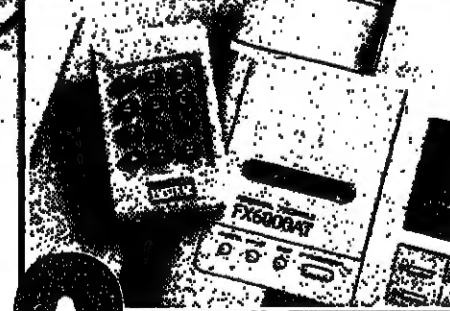


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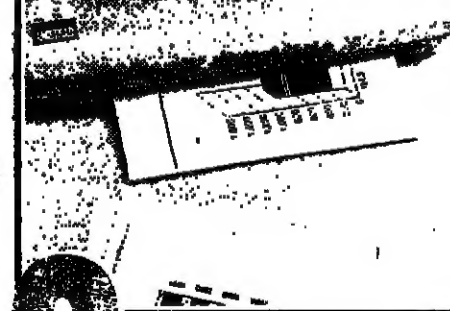
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## "The Last Day of Summer"

by Douglas Hurd.

# A short story about an endless conflict.

This Saturday, The Daily Telegraph is publishing the Foreign Secretary's poignant short story about the Bosnian crisis.

**The Daily Telegraph**



## Bush risks charge of running scared by dodging TV debate

FROM JAMIE DETTMER IN WASHINGTON AND MARTIN FLETCHER IN LOS ANGELES

WHILE the Republicans anguished over dismal opinion poll showings yesterday and denied attempting to sabotage presidential debates, Bill Clinton was being serenaded by Barbra Streisand at a Hollywood extravaganza.

To the tune of *It had to be You*, Streisand sang to Mr Clinton and his wife, Hillary. "George Bush and Dan Quayle, they golf and they sail; one doesn't look well, the other can't spell, those fellows won't do... it has to be you."

The bipartisan Commission on Presidential Debates confirmed that there is no chance now that the first of the three 90-minute televised debates it had scheduled can go ahead in East Lansing, Michigan, on Tuesday. The two other debates, planned for October, have also been put in doubt by President Bush's refusal to accept the commission's proposal that he and Mr Clinton be questioned by a single moderator rather than a panel of three journalists.

The Republicans object to the format because they fear that with only a single moderator there would be opportunities for the candidates to spar directly. White House aides acknowledge that Mr Clinton is faster on his feet than the president and they want less direct contact. They also

believe that with a panel Mr Clinton will face more embarrassing questions on alleged draft dodging.

With polls showing Mr Clinton maintaining his lead and now even challenging the president in traditional Republican-leaning Florida, the cancellation of the first debate has left Mr Bush vulnerable to the charge that he is running scared. Martin Fitzwater, the White House press secretary, dismissed Democrat claims that the Bush campaign is trying to "squirm out of head-to-head debates". He said the president was keen to debate but only if the format was "fair and equitable". "Both campaigns are very protective and concerned about their prerogatives and the interests of their candidates," he said.

They have good reason to be. With more than half of the adult American population traditionally watching the debates, the television confrontations between the White House contenders can significantly affect voting. Ronald Reagan's repetition of the line "There you go again" against Jimmy Carter in 1980 went a long way in encouraging voters to kick out the Democrat. The cold response by Michael Dukakis to the hypothetical question of whether he would favour the death penalty if his

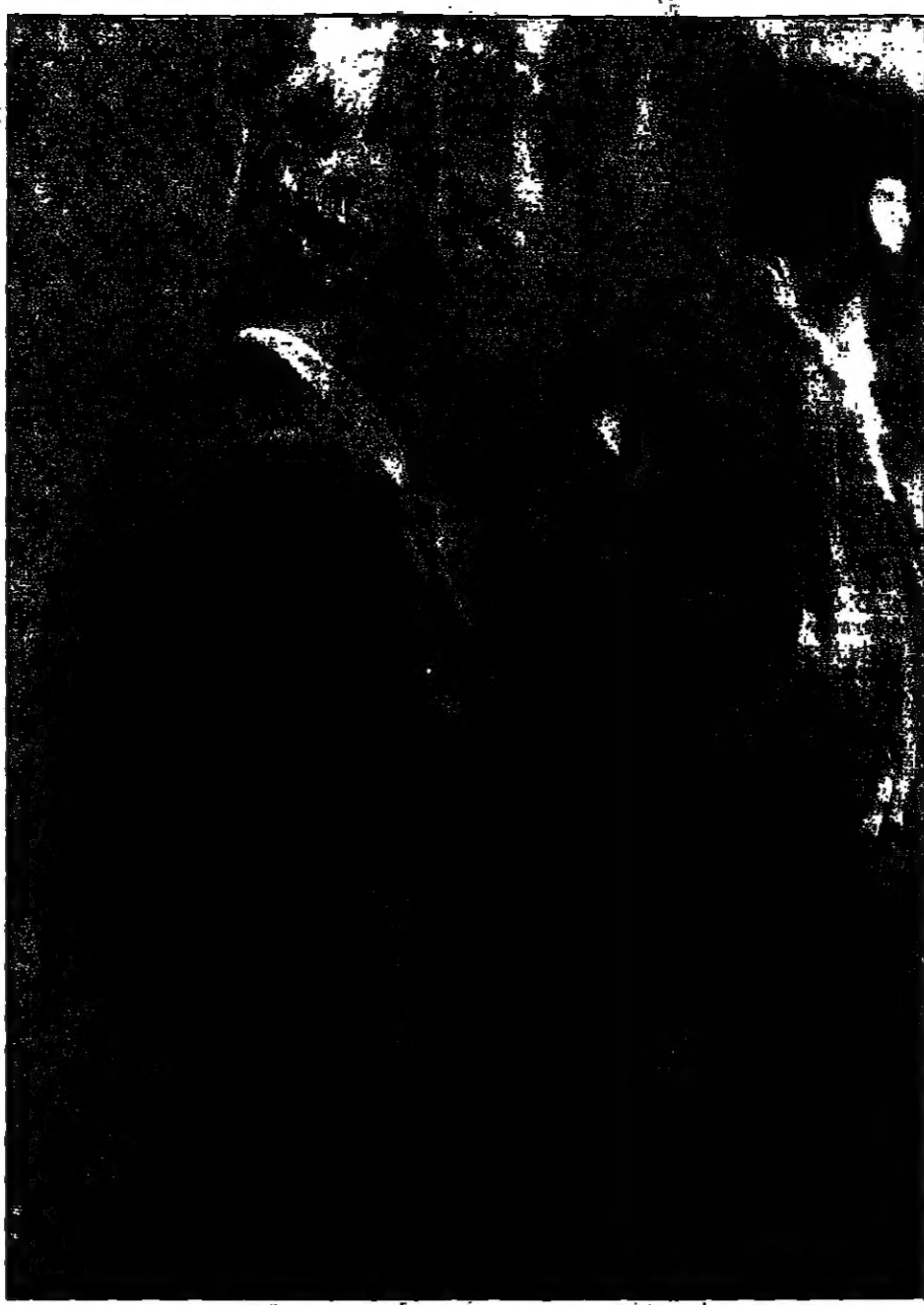
wife was raped and murdered, severely damaged his candidacy. "The debates have become the Super Bowl of presidential races," said Robert Schmulh, a political writer.

The Bush campaign objected to the commission's proposals from the beginning. It did not like the suggestion of three debates instead of two, fearing that the more voters see Mr Clinton, the more they may think he looks presidential. The Bush camp has almost certainly succeeded in reducing the number of debates to two.

Clinton's aides are unlikely to want to compromise on the commission's proposed format. Campaigning in California on Wednesday, Mr Clinton said the new format would be an "honest and open discussion, which would be far less likely to be dominated by one-liners and more likely to clarify the issues."

However, at least one Republican commentator believes it would be a mistake for Mr Bush to avoid the debates. David Gergen, the communications director in the Reagan administration, said: "Bush is at the point where he needs to transform the dynamics of the race, and debates may be the last weapon he has."

Diary, page 14



Brief encounter: Bill Clinton, the Democratic candidate, greeting his wife Hillary between their separate campaign engagements in Los Angeles

## Clinton poll lead pushing Baker to go for jugular

BY ANTHONY HOWARD

When James Baker took charge of the Bush campaign just four weeks ago, he knew he was on a rescue mission. The president's chances of re-election in November may still just about be afloat. But the former Secretary of State will need all of the six weeks of the campaign remaining to him if he is to succeed.

The great disappointment for the man who is now running his fourth presidential campaign — Mr Baker's track record goes back to 1976 — is that, unlike in all the other electoral challenges he has taken on, the polls have so far stubbornly refused to turn around.

Nobody denies that Mr Baker, controlling everything from his command post in the White House, has brought a new air of purpose and focus to the president's campaign. In professional terms it probably now has the edge over Bill Clinton's team, where the command structure is much more diffuse. But there is a limit to what order and efficiency can do.

Take the president's two big speeches since Mr Baker took over. Both his appearance before the Economic Club in Detroit, and his patriotic address to the National Guard convention in Salt Lake City, were immaculately organised occasions. Better than that, the president displayed a command of syntax and (particularly in Detroit) a coherent grasp of a complex argument. Yet neither performance appears to have made much impact on the voters.

Perhaps predictably, an undercurrent of cynicism has begun to spread in Salt Lake City: even local Republicans are murmuring that, since it was one of those rare occasions when both candidates were appearing on the same platform though not simultaneously, the president should have seized the opportunity to go for the jugular. By this they mean that he should have attacked

Mr Clinton directly, rather than by implication, on his draft record — thereby leaving the challenger no alternative but to reply before an unsympathetic audience.

For the moment, though, Mr Baker plainly intends to keep his candidate on the high road. It may be all right for others to raise the jagged issues (the Republican national committee promptly did so with a set of ten questions on the draft addressed to Mr Clinton as soon as the speech was over); but the president himself should be seen to be above this sort of thing.

It is perhaps too transparent a strategy to carry much conviction: and criticism of it seems bound to mount among Republican activists, especially if there continues to be no substantial erosion of Mr Clinton's poll lead.

It begins increasingly to look as if Mr Baker will need to pull out some new stops. To his credit, he lost no time in spotting the unpopularity of the "family values" legacy that he inherited from the Houston convention, but he has still to find an emotive centrepiece for the campaign with which to replace it. Most observers still expect that ultimately to be an attack on Governor Clinton's fitness for office — with the blade being driven in over what the Democratic candidate did or did not do over the draft in 1968-9.

This may well be the best weapon the Republicans have at their disposal, though its cutting-edge probably looks sharper to those of the Baker-Bush generation than it does to those of the electorate. The Vietnam war is already so much part of history that, in an effort to make it comprehensible to the younger generation, school textbooks have just been published about it.

Mr Baker may be 61 and his candidate 58, but they both need to keep in mind that the median age of the American voter is now 39.

## Gap widening between candidates

BY ROBERT WORCESTER

SIX weeks from next Tuesday, on November 3, about half the American electorate will trouble to cast their vote for president of the United States.

As the days between now and then slip by, the gap widens between the incumbent president, George Bush, and the Democratic candidate, Governor Bill Clinton of Arkansas. What "bounce" there was after the Republican convention in the third week of August has mostly faded. The president will have to convince eight people in a hundred to change their minds in the next six-and-a-

half weeks if he is to be re-elected.

One polling organisation, Greenburg-Lake/Tarrance, has not been included in the poll summary because it is using a different methodology, conducting a rolling four-day sample of 250 registered voters, interviewed each evening. Its most recent finding, with fieldwork finished last Sunday, is exactly in line with the figures in the graph (left).

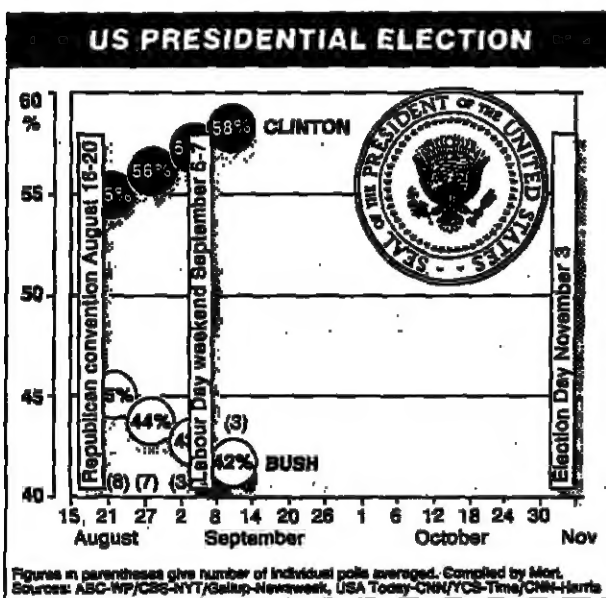
All the American poll organisations now interview by telephone and most interview about 1,000 people across the 50 states and are at the

moment interviewing people who claim to be registered to vote. The most recent poll, by CBS-New York Times, indicates that Mr Bush has 43 per cent, after excluding the 14 per cent who are undecided, among 1,006 registered voters.

Mr Bush's rating of handling the job of president is still running into big negative figures. In Gallup's poll for Newsweek last week, 58 per cent disapproved of his handling of the presidency while only 35 per cent approved; those figures were

almost identical to the percentage of the American public who felt they were no better off now than they were four years ago.

The public perception of Mr Bush's record has not helped his campaign. Sixty-nine per cent say they believe the country is worse off because of Mr Bush's economic policies. Robert M. Worcester is chairman of Mori and Visiting Professor of Government at the London School of Economics. The Times, and are compiled with the assistance of American Enterprise magazine.



## Red September



THIS Saturday, the Times Saturday Review comes with a stylish accessory: an Autumn fashion supplement. 28 stimulating pages of stylish tips: looks for scarlet women, the new war paint, Nicole Farhi's style secrets, suits for smartypants, and more.

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Ex-paras hit the small screen.

Lynda la Plante, the award-winning author of *Widows* and *Prime Suspect*, talks at length about her career and her new TV series.

Civvies - ex-paras come to terms with civilian life.

A good weekend's reading.

This Saturday's long distance weekend takes you to Hong Kong; Clement Freud takes breakfast with Paula Yates; and Beirut hostage, Brian Keenan talks exclusively with The Times about how he is coming to terms with freedom.



THE TIMES

## WHICH BRAND OF COFFEE SHOULD YOU BUY? ANOTHER LIFE OR DEATH DECISION.



She works only in the coffee season. The rest of the year there is no work and no pay. The trucks arrive at 5am to take her and her children to the plantations. Working until it's too dark to see, they pick, in a day, perhaps 200lbs of coffee. For this, they earn one pound. One pound. Her name is Elizabeth, and she lives in Brazil, but in a way her life is controlled by you.

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## Two Koreas opening hotline but nuclear sites remain closed

BY DAVID WATTS, DIPLOMATIC CORRESPONDENT

NORTH and South Korea are to open a military hotline to prevent a new war breaking out in the world's last Cold war flashpoint.

The agreement came yesterday after the prime ministers met in Pyongyang to sign a series of confidence-building measures that it is hoped will lessen tensions. The hotline is an important symbol between two countries still technically at war after 40 years, with a million men facing each other over a national boundary across which there is no postal or telephone service, no travel and precious little trust.

But despite the progress made by Chung Won Shik, prime minister of South Korea, and Yon Hyong Muk, his North Korean counterpart, the latter refused to yield on the issue of nuclear sites or on the reunion of divided families.

North Korea has yet to satisfy the rest of the world that it is not intent on the develop-

ment of a nuclear weapon for use in a last-throw attempt to unify the country. Kim Il Sung, the 80-year-old "Great Leader", has sworn his death South Korea has been pressing for access to the North's nuclear sites to satisfy itself that there is no real possibility of a surprise assault, but has so far been rebuffed.

The hotline between the two military commands will be installed within 50 days and, at the same time, committees will be set up to implement a peace agreement between the two sides.

"The North wants to give the impression of progress, but there was no substantial change on the key issues of nuclear weapons and the exchange of people," a diplomat said. The North, he added, was still unable to make up its mind on the nuclear issue and on whether to adopt a more reasonable stance that might attract aid and investment

funds from South Korea and overseas.

Until the nuclear issue is resolved the South is determined that there will be no softening of its attitude on economic exchange. The North is also reluctant to give any advantage to either side in the forthcoming presidential elections in the South, due before the end of the year.

"It is great progress on the road to unification," Mr Yon claimed, but Mr Chung called the activation of the committees a second-best solution. From now on both sides should make efforts faithfully to implement agreements to advance national unification," Mr Chung said.

On the same day, a fresh sign of North Korea's isolation came with the announcement that Cuba wants to establish economic links with South Korea. This follows closely on the recognition of the southern government by China, hitherto a close friend of Pyongyang.



In the vanguard: the first 34 Japanese troops to serve abroad since the second world war boarding the transport vessel *Mizura* at the port of Kobe yesterday. Accompanied by 390 sailors who are also to join United Nations peacekeeping forces in

Cambodia, the troops were seen off by 12,000 of their fellows and protesters in dinghies. In a statement read on his behalf, Sohei Miyashita, the defence minister, told the men, sporting UN blue berets: "It is your efforts and sense of responsi-

bility that will promote the nation's understanding of peacekeeping operations." Opposition to sending defence force troops abroad was so great that it took the government nearly two years to get the necessary legislation through parliament.

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### Inland sea ravages Pakistan farmland

FROM CHRISTOPHER THOMAS IN PAKISTAN

FROM the air, southern Punjab is a swirling inland sea, dotted with thousands of tiny islands from which homeless and destitute people wave for help. This is Pakistan's prime farming country, its economic backbone, and it is ravaged beyond calculation.

Nearly 3,000 villages and tens of thousands of farms have vanished beneath water in Punjab alone. Kashmir has been devastated. The consequences for this poor country are only now dawning. Punjab's many rivers are still bursting their banks as flood-water pushes south towards the Arabian Sea, leaving a trail of mass destruction.

The vast stretch of water, which last night entered Sind province, widens by the day. In places it is 20 miles across. A second, smaller, flood wave is on its way from the monsoon-battered North, ensuring that it will be weeks or even months before Punjab is dry.

The great lake moves at a steady four miles an hour southwards, toppling houses, bringing down pylons, destroying roads and bridges, spreading disease and ruining the small farms that keep Pakistan's economy alive.

Losing the cotton crop is a calamity for Pakistan. More than half the mainstream economy depends on the cotton industry, directly or indirectly. The government has banned the export of raw cotton to ensure that its own textile mills have enough to produce the linens that are a vital foreign exchange earner.

### NEWS IN BRIEF

#### Sudan aid flights to increase

Nairobi: The United Nations said yesterday that it had secured agreement with Sudan's government to increase relief flights. A deal on overland aid routes across disputed civil war zones still had not been agreed, however.

Jan Eliasson, the UN under secretary-general for humanitarian affairs, said that talks were still in progress with the government on improving access to remote areas of the country. (Reuters)

#### Airport boost

Hong Kong: The government here is to spend an extra £2.8 billion on its new airport and rail link to allay Chinese fears that the project would have a huge debt. Peking had rejected Hong Kong's original financing plan. (Reuters)

#### Marines deal

Mogadishu: General Muhammad Farrah Aidid, leader of one of Somalia's warring factions, has accepted the deployment of US Marines off the coast to support plans for ferrying in troops to protect relief supplies. (AFP)

#### Rwanda pac

Arusha, Tanzania: Rwanda and the rebel Rwanda Patriotic Front presented a joint document on ending the civil war at talks attended by neighbouring states. (Reuters)

#### Last round

Brisbane: Danny the goat, which found fame in picking up mugs of beer and swigging the contents, has drunk its last pint. It was found shot dead near here. (AP)

### Iraq flaunts rebuilt palace to spite Bush

FROM CHRISTOPHER WALKER IN CAIRO

IRAQI officials boasted defiantly yesterday that President Saddam Hussein's severely bomb-damaged palace had been repaired and also predicted that President Bush would lose the November presidential election.

Mahmoud Diab al-Ahmad, the housing minister, said that the palace, which stands in sprawling grounds on the south bank of the Tigris, had been rebuilt by a team working around the clock for 11 weeks. The palace was a repeated target during the Gulf war last year. *Al-Qadisiyah*, the army newspaper, said on its front page: "The reconstruction of the Home of the People [as the lavish palace is officially known] is a loud reply to rancorous and malevolent enemies."

The rebuilding is part of an emergency reconstruction programme known as the counter-attack, whose pace has impressed even Western critics of the Baghdad regime. It is estimated that more than three-quarters of the damage inflicted on Iraq's infrastructure by allied missiles and bomb-

ers has been repaired. The rebuilding has made many supporters of the regime millionaires by exempting construction profits from tax. There have been extensive repairs to the wrecked electrical grid, even though the generators were imported and all imports to Iraq except food and medicine are under embargo.

*Al-Thawra*, the paper of the ruling Baath party, claimed yesterday that it was inevitable that Mr Bush would lose the election on November 3 because he had deceived the American people. In an editorial, the paper said: "The criminal Bush will fall after he sank in the swamps of crimes and failed the test of honest principles and values of justice and righteousness."

The paper indirectly echoed the taunt now frequently heard from Iraqi officials that Saddam will keep his job longer than Mr Bush. Privately, they predict to Western visitors that if Bill Clinton enters the White House, there will be a stronger chance of ending the two-year-old embargo by the United Nations.



## Besieged town awaits its doom

FROM EDWARD GORMAN  
IN BIHAC, BOSNIA

LOOKING through binoculars half a mile away, you could see the pigs ambulating along the road near the deserted village of Golubac. They seemed oblivious to the sound of firing, on the hot late summer's day.

Larger explosions signalled shells reaching the centre of the Muslim-held Bosnian town of Bihać from Serb positions on the surrounding hills. Golubac has become a matter of life and death for the people of Bihać, which has been under siege since April at a cost of 315 dead and 1,500 injured.

The village, straddling the Una river, two miles outside Bihać, commands the town's southern approaches. Last Saturday — the day on which the Bosnian Serbs had agreed that UN monitoring of their heavy weapons in this area would begin — their commanders outside Golubac launched an offensive aimed at taking the village and Sokolac, which overlooks the town.

The attack was repulsed, but UN sources here, trying in vain to implement the monitoring arrangements while Serb commanders fail to respond to their radio calls, say the Muslims are hopelessly outgunned. Mujanovic, 33, once a waiter, is leading a five-man mortar team in the battle for Golubac. "What we want from the West is to give us the heavy weapons that the Serbs have, or else take the Serbs' weapons away," he said. "In general we would prefer the second solution."

UN officers at the Motel Bihać say the outlook is "dire". One said: "We are sitting here getting shelled waiting for the Serbs to pick up the phone — that nicely sums up the UN position."

## Bosnian Serbs will make peace offer excluding Muslims

FROM TIM JUDAH AND DESSA TREVISAN IN BELGRADE

BOSNIAN Serbs are to offer their Croat counterparts a peace deal excluding Muslims in talks convened today by Cyrus Vance and Lord Owen, joint chairmen of the Geneva peace conference.

Aleksa Buha, the foreign minister of the self-proclaimed Bosnian Serb Republic said that his delegation would offer an exclusive Serbo-Croat ceasefire to be followed by negotiations for a separate peace.

Mr Buha spoke in Belgrade as Bosnians and Croats fought fierce battles with Serbs, especially in and around Sarajevo. President Izetbegovic of Bosnia repeated his threat to boycott the Geneva talks, claiming that Bosnian Serbs had been attacking four Bosnian towns from the air.

Mr Buha said that the separate peace deal had already been suggested to the Bosnian Croats at "informal talks" and he added: "They like the idea". A separate peace is the ultimate nightmare for Bosnian Muslims, who are fighting to prevent Serbs and Croats carving up the republic between them.

Mr Buha said: "We believe this would force the Muslims to come round and start talking." On Wednesday the Bosnian Serb parliament demanded that Muslims and Croats begin negotiations "on the division of the territory by mutual consent". The assembly also rejected an amendment to the Serbian Republic's constitution defining it as independent. "We do not want to leave Yugoslavia of our own free will even though many are pushing us out of it," said Momcilo Krajcinovic, the assembly president.

Mr Buha said that Serbs still stood by a pre-war agreement in which they forfeited their right to stay in Yugoslavia in exchange for the division of Bosnia into ethnic "cantons". But he accused both Muslims and Croats of undermining the deal and said he was not optimistic that it could be revived. "If every-

one starts thinking the same way, and after all the evils we have done to each other, we may decide not to live together... in fact this has already happened."

Muslims and Croats had already decided on confederation. "We have nothing against it," he said. "We just don't want to be part of it."

In Geneva Fred Eckhard, the UN spokesman, said that today's talks would begin "with a clean slate". All three sides could come with new ideas because "the agreements about cantonisation turned down by the Bosnians will not be a starting point for the talks".

Asked about the deteriorating military situation in eastern Bosnia, where Serbs are coming under increased at-

tack, Mr Buha said that the new federation is the legal successor to the old and should inherit its seats in international organisations. The issue has given new ammunition to supporters of Mr Milosevic who want to topple Mr Panic for attempting to undermine the Serbian leader.

One of the main planks of Mr Milosevic's policy is that the new federation is the legal successor to the old and should inherit its seats in international organisations. The issue has given new ammunition to supporters of Mr Milosevic who want to topple Mr Panic for attempting to undermine the Serbian leader.



Milosevic still at odds with Panic

tack from Bosnian Muslim guerrilla units, Mr Buha said: "We can defeat them but we don't want to because if we did then the whole of Europe would start ringing alarm bells accusing us of ethnic cleansing."

Bosnian Croats are likely to be well disposed to an offer of a separate peace deal, but the issue of disputed territory seems insuperable. The key area at issue is the strategic northern corridor linking Serbia with Serb territories in Bosnia and Croatia.

The Croats want to cut the corridor in order to throttle the supply lines to the Serb territories in Croatia. A separate



Old enemy: a group of young German neo-Nazis, bearing the symbols of imperial Germany that were later appropriated by the Third Reich and carrying their weapons, giving the Hitler salute

## Neo-Nazis link arms in hatred

German intelligence officials see disturbing evidence that far-right groups are banding together against asylum seekers, Adam LeBar writes from Berlin

GERMANY'S mushrooming neo-Nazi groups are forging links among themselves and carrying out co-ordinated attacks on refugees seeking asylum in the country, according to intelligence officials.

Although all far-right groups share the common aim of expelling foreigners from Germany, they are concentrated in independent factions and parties. The development of linked activities is disturbing because it heralds a shift away from ad hoc assaults and drunken rampages towards planned attacks. Officials say that CB radios are being used by ringleaders orchestrating violence.

German intelligence estimates that there are 40,000 far-right extremists, including 4,200 militant skinheads, in the country. "We have to take these latest attacks very seriously; we have not come to the end," one intelligence official said. So far this year the neo-

Nazis have been responsible for 970 attacks in which ten people have died and 700 have been injured.

The extreme right has scored several political victories, sharpening the terms of Germany's immigration debate. Pressure is building in mainstream parties to amend the right to asylum and yesterday Bonn announced plans to deport thousands of Romanians, many of them gypsies.

Prejudice against gypsies is widespread throughout German society. Many recent neo-Nazi attacks have focused on driving out gypsies, who rank equal with Africans and Vietnamese in the far right's lexicon of hatred. Security

just begun. The movement from the right could change German society more fundamentally than did the 1968 riots by student radicals, he added.

There is widespread concern that some neo-Nazi groups have secret caches of guns and other weapons hidden in a network of safe houses and arms dumps. The guns are often obtained from departing Soviet soldiers — an AK47 assault rifle can be bought for the equivalent of £160 — or were dug up from second world war battlefields in eastern Germany after unification.

"Many neo-Nazis possess arms, but they do not use them in their attacks," one intelligence official said. "There is a difference between throwing a molotov cocktail and staying anonymous and seeing the results when you point a gun. But they are all potential murderers."

### The CO-OPERATIVE BANK

## BASE RATE CHANGE

With effect from the close of business on Thursday, 17th September 1992  
Co-operative Bank Base Rate changes from 12.00% p.a. to 10.00% p.a.

CO-OPERATIVE BANK PLC.  
PART OF THE CO-OPERATIVE MOVEMENT  
1 Balloon St., Manchester M60 4EP Tel: 061 832 3456

With effect from the close of business on Thursday 17th September 1992 and until further notice, TSB Base Rate is decreased from 12% p.a. to 10% p.a.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to TSB Base Rate will be varied accordingly.

**TSB**

TSB Bank plc, Victoria House, Victoria Square, Birmingham B1 1BZ.

### Standard Chartered

## Base Rate

On and after 17th September, 1992  
Standard Chartered Bank's Base Rate for lending is being decreased from 12.00% to 10.00%.

Standard Chartered Bank

Head Office: 1 Aldermanbury Square, London, EC2V 7SP  
Tel 071 280 7500 — Telex 885951

### The CO-OPERATIVE BANK

## Managed Overdraft Rate Change

With effect from close of business on Thursday, 17th September 1992  
The Co-operative Bank Managed Overdraft Rates for small businesses will be as follows:

	% per month
Premium Rate	1.07
Standard Rate	1.27
Non Standard Rate (A)	1.48
Non Standard Rate (B)	1.57

CO-OPERATIVE BANK PLC.  
PART OF THE CO-OPERATIVE MOVEMENT  
1 Balloon Street, Manchester, M60 4EP Tel: 061 832 3456

## National Westminster Bank

National Westminster Bank announces that with effect from 17 September 1992 its Base Rate is reduced from 12.0% to 10.0% per annum.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to NatWest Base Rate will be varied accordingly.

National Westminster Bank Plc  
41 Lombury London EC2P 2BP

## BASE RATE

With effect from Thursday 17th September 1992  
Courtts & Co have reduced their Base Rate from 12% to 10% per annum.

All facilities (including regulated consumer credit agreements) with a rate linked to Courtts Base Rate will be varied accordingly.



**Courtts & Co**

440 Strand, London WC2R 0QS

## Barclays Base Rate Change.

Barclays Bank PLC and Barclays Bank Trust Company Limited announce that with effect from 18th September 1992 their Base Rate is decreased from 12.0% to 10.0%.



**BARCLAYS**

BARCLAYS BANK PLC AND BARCLAYS BANK TRUST COMPANY LIMITED.  
REGISTERED OFFICE: 54 LOMBARD STREET, EC3P 3AH.  
REGISTERED NUMBERS: 1026167 AND 930880.



## Girobank plc Base Rate

Girobank announces that with effect from close of business yesterday (17th September, 1992) its Base Rate was reduced from 12% to 10% per annum

Reg Office: 10 Milk Street London EC2V 8JH  
Reg No: 1950000



## We're not to blame

German commentator

Josef Joffe on the lessons of the currency crisis

Who deserves to be first in line for the pillory? Mr Lamont, Mr Major, or Herr Schlesinger, the boss of the almighty Bundesbank? To pose the question is like trying to pin the blame on any particular motorist in a multiple car crash.

For politicians it is always useful to mutter "treachery", to target those heinous forces conspiring against the pound from beyond one's own borders. The facts, though, are both more straightforward and profound, and they spell out lessons all good Europeans ought to heed as they look behind the French referendum, indeed, beyond Maastricht.

Lesson no. 1: politicians can fool some markets some of the time, but in the end, the chickens will come home to roost. Of course, Messrs Schmidt (Germany) and Giscard (France), the two co-founders, had hoped that the straitjacket of the EMS would force everybody into fiscal frugality and monetary discipline. But nation-states listen to different gods.

Lesson no. 2: virtue becomes unbearable unless relieved by a bit of sin. In the first four years of the EMS, parties on average were changed every seven months; between 1983 and 1987, realignment occurred once every 18 months. In short, everybody could stay on the wagon because he was allowed to take an occasional sip from the bottle. Since 1987, however, everybody behaved as if realignment were *verboten*. The result was a monetary earthquake that brought the whole EMS edifice crashing down.

Lesson no. 3: don't put the fox in charge of the hen house. Here, too a bit of history will help to clear the mind. Originally, the idea was that (West) Germany would act as the martinet, meting out monetary discipline to the spendthrifts — Italy, France, the whole lot. Originally, Germany was also ideally equipped for the task. The Bundesbank was the most independent of them all: those 18 stern-faced governors, their hands firmly on the monetary tiller, would keep the Bonn government in line and, by yanking the EMS chain, force the profligates elsewhere to shape up or face the ultimate humiliation of devaluation.

But then came reunification, and that has been the ultimate source of all our troubles. In financing the bill, Helmut ("None shall be worse off") Kohl took a page out of George ("Read my lips") Bush's book: no new taxes. The price tag of unity is about DM 200 billion per annum. That has created inflationary pressures — around 4 per cent, still not much by British standards. But in German eyes, 4 per cent looks like the prelude to Armageddon-on-Rhine.

Hence, the Bundesbank stepped in — like those Wall Street computers programmed to buy and sell on the basis of pre-set benchmarks. The bank, to be sure, was only obeying built-in orders: when faced with fiscal irresponsibility, jack up interest rates and hold down the money supply.

Towering German interest rates, of course, have put an unbearable strain on everybody else. The Bundesbank message was: raise your own rates or devalue — no matter whether France or Britain, facing real recession, could have used a hefty dose of monetary relief. What was John Major to do? Kill all chances of recovery or unlink from the tyranny of the deutschmark — as the United States did long ago?

The moral of the story: the EMS, a rickety construction to begin with, cannot work if the German martinet cannot live by the fiscal discipline he is supposed to impose on the rest of Europe. Hence, there is method in the current monetary madness: if we cannot hang together, it is better to hang loose.

But all is not lost. More than French anti-Maastrichtism or the Danish "no", this EMS earthquake should teach all good Europeans humility — for the sake of Europe. The nation states of Europe are a long way from a common economic policy that would allow for a common monetary policy. Let's not chase impossible dreams. We can build a better single market without a single currency; indeed, a bit of monetary freedom will help us. Thus the EMS collapse may turn out to be a blessing in disguise. The author is editorial-page editor of the Süddeutsche Zeitung, Munich.

The devaluation of sterling has cleared the way for a swift British recovery, argues Anatole Kaletsky

## Happy days are here again

about the government's economic pronouncements must be recalled: simply put a "not" before any statement made by the Chancellor, prime minister or one of their economic advisers, and you will have a good idea of what is actually going on.

That certainly seemed to be the message from the 100-point rise in the stockmarket yesterday morning. And even the foreign exchange markets were not nearly as savage with sterling as might have been expected. Although the pound fell sharply in the morning, it rallied strongly when the Bank of England announced a two-point cut in interest rates. These, it will be remembered, had been raised to support the pound on Wednesday in accordance with the rule of "nois". When, later in the afternoon there were rumours of another rate cut, the pound again rallied. It then fell back

sharply again when word got around that the Treasury was planning once again to support by re-emerging the ERM.

The case for a rapid recovery rests on solid economics. There are essentially two ways of pulling an economy out of deep recession: by cutting interest rates or increasing public spending. When sterling was in the ERM, the interest rate weapon was unavailable because Britain was broadly tied to German rates. The government was understandably reluctant to keep increasing public spending, partly because of ideological convictions, but also because recession had already swelled the public deficit to a daunting £30 billion a year. As a result, economic policy was completely stymied and all the Chancellor could do was dream about "green shoots".

Since 7pm on Wednesday the situation is the other way round.

There is now no arbitrary limit on the government's ability to cut interest rates. The only rational constraint on how low interest rates could fall is the government's desire to keep putting downward pressure on inflation. But never in the last 30 years has Britain faced less of a threat of inflation than it does today. Union militancy is non-existent and wage rises are at record lows. Nevertheless, inflation always remains a potential problem and the government now has a perfect way of demonstrating even greater vigilance than before.

For a conservative government the best way of controlling inflation is always to squeeze public spending. The interest rates alternative ensures that the suffering is borne by private industry, while government is entirely exempt. Politically, reducing public spending can often be

difficult. But the collapse of ERM membership offers the government a once-in-a-lifetime chance. The nation's desire for lower interest rates is now so intense that an extremely tough public spending round would readily be accepted as a *quid pro quo*. Even such previously unthinkable ideas as freezing public sector wages and suspending the indexation of non-means tested social security pensions and pensions would surely be acceptable in exchange for a cut of 3 or 4 per cent in interest rates and a guarantee of further action if required to restore economic growth.

With the curse of the ERM lifted, and the economy in deep recession, there are only two conceivable reasons why the Chancellor should not announce another cut in interest rates of two or three percentage points on Monday morning.

One is a residual fear about what would happen to sterling. Amazingly enough, there are people in the Treasury, perhaps even including the Chancellor, who have not had enough of bantling the markets and arguing with the Germans. They want as soon as possible to come back for more. But their voices are unlikely to be heeded, for reasons of simple political survival. Whatever the Cabinet may say about rejoining the ERM Mr Major knows that trying to pour another bottle of his quick medicine down the nation's gullet would probably cost him his job.

The other possible reason for not slashing interest rates immediately is crass political cynicism. Mr Major may want to put the longest possible gap between the defeat of his policy and the obvious economic benefits that can now follow from his humiliation. If a few thousand more jobless and homes are lost in the meantime, Mr Major has already shown that he considers this "a small price to pay" for never admitting a mistake.

Simon Jenkins rejoices at the forthcoming return of sanity to European politics

The news is good. The right thing has been done. The price for sterling has been determined where it should be, in the currency market. The British cabinet has accepted that since 1987 this was "a crisis waiting to happen". And Mrs Thatcher, she who yielded to Mr Lawson in the cause of cabinet unity (what bitter irony), she too must be allowed her smirk. We are back, as Professor Walters said, to where we started in the mid-1980s.

There will now of course be much nonsense talked. It will be talked, mostly by those who encouraged first Margaret Thatcher and then John Major and Norman Lamont down this foolish road. The case for a ritual resignation of a Chancellor has never been weaker. This was the policy of a true coalition: Labour and Liberal leaders, businessmen, Whitehall officials, diplomats, the pundits of the financial press. Now those same voices are speaking of humiliation, that Mr Major's "heart of Europe" strategy is dead. They return to the exhausted metaphor heap and pull out of it, Britain is the second eleven, the off-shore island, the outsider. The plane is taking off without us.

Economics is an art not a science. We each take pleasure from our favourite among its myriad pictures of the world. There has been an awful inevitability about the past five years. Britain had to align itself in some degree with other European currencies or be seen as beyond the pale, a pale within which there were real free-trade benefits to be had. Yet from Nigel Lawson's notorious pegging of the pound to the mark in 1987, through ERM entry in 1990 to grim nemesis in the markets this week, re-floating was a matter only of time. Mr Lamont was thus left a creature of circumstance, a Tolstoyan general cir-

cling aimlessly, his horses trapped in mud. His resignation would be rough justice indeed.

Alan Walters could be forgiven some glib satisfaction on the radio yesterday, remarking that since 1987 this was "a crisis waiting to happen". And Mrs Thatcher, she who yielded to Mr Lawson in the cause of cabinet unity (what bitter irony), she too must be allowed her smirk. We are back, as Professor Walters said, to where we started in the mid-1980s.

There are worse places to be. I cannot believe any but the most madcap Euro-enthusiast could now doubt that the Community's path from the Single European Act in 1986 to Maastricht has been a disastrous one. To say that European union must maintain its forward momentum or the whole project will falter is rubbish, the philosophy of the lemming. The 1992 single market for goods and services was to be the finest construct of international collaboration at least since the creation of Nato. Nothing, simply nothing, was more important than that.

Mr Major's presidency was to see its coronation, a festive round of demolished border posts, generous quotas for Eastern European trade and a Gatt round admitting the poorest nations to the rich markets of the West. For this Mrs Thatcher signed the Single European Act and rightly accepted the disciplines of majority voting. For this new members from central Europe were to be admitted to the EC. Yet how much time have Mr Major and his fellow leaders spent on encouraging the halting 1992 venture?

The wise statesman knows that sound supranational agreements arise circumstantially. They are the servants of economic or military need, not its master.



Therein lay the strength of Nato. Make supranationalism an end in itself and it collapses. This week's small earthquake brought about just such a collapse.

The result is wholly salutary. One effect is to diminish the glare of the French referendum. The money market shock that would have resulted from a French no is forestalled. The markets, not exhausted Ecofin ministers, can take the strain on Monday morning. However French votes, Maastricht is surely

ly a ruptured appendix. John Major remains its official surgeon. He should be able to operate with a steadier hand now that his prestige is no longer absurdly on the line with sterling in the ERM. He must swiftly restore his domestic morale by a further cut in interest rates and again let the currency markets take any resulting strain.

The ERM is not dead but is redefining itself as a deutschmark zone, from which Britain is well to be free.

What is more important is that sanity can now fight its way back onto the European agenda. Governments that so wish can pursue their own route to economic health or damnation, answerable to their own electorates. They will be helped to health more effectively by the EC if the EC sticks to the unfinished business still in hand: reforming its farm and regional subsidies, cutting border controls, cutting tariffs and achieving the single market. Ministers forced week-in

week-out to protect fixed ERM parities have lost domestic support vital to maintaining internal economic discipline: witness the Italians, the Swedes, the French, even the Germans. Britain is not alone in the "humiliation" brought on by this excess of EC supranationalism. But Britain has at least broken a little free, as it broke free of the social chapter.

American diplomats have of late taken to ridiculing Europe's inability to act collectively, citing the Gulf, Yugoslavia and Gatt as miserable instances. They are right. The fault lies with Europeans who still suffer from the Chateaubriand complex, who pretend that modern Europe can be forced into one nation with one political will. It is rightly becoming a free trade area, with the collective discipline that implies. It may yet find the ad hoc structures for joint security. But one political entity it is not and never will be. That is what is illiterate about the Maastricht treaty, an illiteracy sensed by electors across Europe.

Most British leaders have appreciated this. That is why Britain has seemed a "reluctant European" at times when the consensus in the chancelleries of Europe has been naïvely supranationalist. It is also why, in moments like the present, it is easy to portray Britain as vacillating and directionless. But after this week, John Major can bring to what remains of his presidency the same pragmatic realism he brought to the pre-Maastricht argument. He has been through the fire of an unsustainable monetary federalism. He has lived to tell the tale.

International relations are inherently opportunistic. A politician's job is to keep open his freedom to be opportunistic. The best news this week is that Britain has regained a little of that freedom. But goodness, what a business! As Virginia Woolf remarked on reading history: "So much energy wasted, to believe in something so spectral." And so little effect.



...and moreover  
**ALAN COREN**

I am being groomed for stardom. Any day now, producers will be chasing me round casting couches. Minor producers maybe, chomping on Mannikins and glancing at Timex Oysters as they chase, and sending me home in a stretched Lada when they have done with me, but producers nonetheless. Whether I shall end up turning handsprings between the cheering tables on my way to the Oscar podium remains to be seen, but you never know your luck: George Raft started out at 10 cents a dance and Sean Connery at 10 pence a bottle. I am, after all, younger than Paul Newman, and as soon as my new smile has been delivered he may well feel he has no professional alternative but to concentrate on the salad-dressing side.

We shall come to the smile later: I mentioned it too soon. You make mistakes in this business, there is a lot of heartbreak in this town. Let me begin at the beginning: when I woke up this morning, there was a letter on the mat from an organisation called Celebrity, describing itself as an "independent group of companies specialising in talent". Naturally, when I saw their address was Star House, Star Street, my heart went pit-a-pat. I have waited a long time for my big break, but little did I know, dear reader, that there would be strings attached. Not least the one stretching between my mouth and the doorknob.

I do not know what brought me to the attention of this top-notch showbiz agency, though I suspect it may have been my report to

you, last Friday, of my appearance in a theatrical moustache. Here, cried the guys at Celebrity, is someone prepared not only to thespian in public, but also to muck about with his God-given face in order to do it. Maybe we should get our people to talk to his people.

I also deduced this in part from their letter. For although it did not exactly offer me any leading roles as yet, it suggested that I might benefit from getting my teeth fixed. "Many people in the public eye are concerned about their appearance, and in particular their smile when appearing on camera. Cosmetic dentistry can be expensive, but we can confirm that the Cosmetic Dentistry Clinic utilises the very latest in dental technology without charging Harley Street fees." It was then I noticed that the envelope was not yet empty. I shook it, and something fell out: not, to my surprise and, I confess, slight chagrin, a Hollywood contract, but a glossy brochure from the Cosmetic Dentistry Clinic.

They did not charge Harley Street prices, it transpired, because they were not in Harley Street, they were in Southwick Street, which is just behind Paddington Station. Nothing wrong with that. It is the line on which Brief Encounter was made. It was doubtless how Trevor Howard got the part: popped into the CDC, ran round to David Lean's house, flashed his new smile, and that was that. It was a corking brochure, lots of snaps of before-and-after mouthwear, plus two of denticians Barlow and Manku,

and the kindly injunction to "allow us to help you obtain the smile you have always wanted". You work out the smile you have always wanted, they suggest, by holding a mirror 12in from your face, smiling at it, and then answering the ten questions appended. When you have answered them correctly, however, they do not send the smile round, you have to go to Paddington to collect it. The procedure is simple: you show them a credit card, whereupon they embark on a number of techniques, the brochure description of which is so reassuring you find yourself doing no more than crossing your legs and whimpering.

Nor was this all. Inside the brochure which had been inside the letter inside the envelope, was a little folder with "Rembrandt" on the front. Rembrandt turned out to be something called "a whitening toothpaste" (as opposed, presumably, to all the blackening toothpastes on the market) and the folder contained a titchy tube of it. Whether you were supposed to use it beforehand to help assess the smile you wanted, or afterwards to enhance the smile you'd just had built, they did not say. Personally, I didn't touch it, having seen a number of Rembrandts in my life, in none of which the teeth were anything to write home about.

I just sat there pondering on this strange bedfellowship and, were I to take advantage of it, how long it might be before Spielberg called.

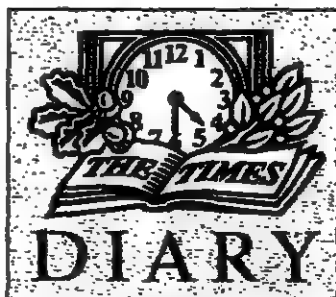
## Schlesinger's schadenfreude

NORMAN LAMONT's humiliation is unlikely to be met with much weeping and wailing in the Bundesbank. Even before the turmoil of the past few days and the ultimate, degrading climb-down, European finance circles have been full of gossip about the deep personal animosity between Helmut Schlesinger, the Bundesbank president, and the British Chancellor. The mutual respect that finance ministers and central bankers are supposed to enjoy has long broken down between the two men, says one prominent economist. "Every time Norman Lamont produces a rabbit from his hat the Germans come along and run it over."

Small wonder that all that was left to the Government and the Bank of England yesterday was to rage at the perfidy of the Bundesbank and the gnomes of Frankfurt.

Although it was never reported at the time, Schlesinger was so furious with Lamont's "whining" about German interest rates at the finance ministers' recent meeting in Bath that he threatened to walk out and had to be physically restrained from doing so by Theo Waigel, the German Finance Minister. Schlesinger is also known to delight in repeating the words of one economist: "When Lamont speaks, the markets yawn. Every time Schlesinger opens his mouth sterling falls another two pence."

Earlier this week Lamont reportedly instructed Robin Leigh-Pemberton, governor of the Bank of England, to ring Schlesinger and remonstrate with him over his comments. Apparently the Chancellor could not bring himself to



speak to the Bundesbank president personally.

The finance ministers and central bank governors will no doubt manage a show of solidarity when they meet in Washington on Sunday. But if there should be a figure other than Lamont in the British seat Herr Schlesinger is unlikely to be able to hide his smile. He will certainly have had the last laugh.

Should Norman Lamont shortly be seeking fresh employment, he has a job offer to hand. Lord Sutch, of the Monster Raving Loony party, who claims to recognise a kindred spirit when he sees one, yesterday invited Lamont to join him in his pantomime Robinson Crusoe this winter. Lamont has been offered the part of the captain of the boat — named The Floating Pound — which hits the rocks. "For £2,000 a week plus expenses he will have to wear a pirate outfit with a vulture perched on his shoulder and sing a few verses of 'You've Got to Pick a Pocket or Two'."

## Cold discomfort

IF Norman Lamont is on his knees perhaps he should consider offering up a prayer or two to St Lambert of Maastricht, whose feast day was yesterday. The bishop of that formerly inoffensive Dutch town from 668 to 674, Saint Lambert spent his life resisting the usurpa-

tion of continental dictators until he could hold out no longer and was overthrown by the tyrant Ebroin. He went on to live as a monk for seven years at the Benedictine abbey of Stavelot before being recalled as a bishop by King Pepin of Herstal. St Lambert was murdered in 709 when he scolded King Pepin for taking up with a concubine called Alpais. His body was later moved to Liege. Like Lamont, St Lambert knew how it felt to be left out in the cold. One night at the abbey he rose to make his silent devotions when his wooden sandals fell to the floor with a thud. He was sent barefoot wearing only a hair shirt into the wilderness.



as a penance and was recalled, covered in snow and half frozen, after four hours.

## Popcorn polls

BRITISH opinion pollsters, still smarting from their general election fiasco, could learn a thing or two from the purveyors of Clint Eastwood and Bugs Bunny. General Cinema, America's biggest chain with 1,400 movie houses across 29 states, is asking cinema goers who buy soft drinks which

candidate they favour in the US presidential race. In the ultimate straw poll the purchaser is then given a Republican or Democratic drinking straw depending on political persuasion. Results are fed back to the company's headquarters and then a detailed state of the aggregate vote is posted in cinema foyers across the union. The poll has predicted the winner in every election since 1968 and last time came within 1.3 per cent of the exact vote. The current General Cinema figures put Bush at 45.5 per cent and Clinton at a winning 54.5 per cent. You read it here first.

## Fast and last

Paddy Ashdown's speech to the Liberal Democrat conference yesterday was the last drafted for him by Alan Leaman, his right-hand man for the past 10 years. And none has been more difficult. By Wednesday afternoon Leaman was claiming that the speech had already been redrafted 22 times because of the pace of events over the past 48 hours.

The events of Black Wednesday led Leaman and Ashdown to go through several more redrafts before yet another rewrite yesterday morning as interest rates reverted to their original level.

Ashdown will miss Leaman, who is seeking a career in freelance promotional work. He has long been one of the most trusted members of the Ashdown inner circle and was one of the two party apparatchiks in whom Ashdown confided about his extra-marital affair. "I'm very lucky to have him — he knows what I'm trying to say, and can develop my ideas," he said of his aide last year.

"I have enjoyed myself but it is time for a change," says Leaman, sounding in the hour of his departure more like a Lib Dem slogan than ever.





## TIME TO REPENT

The prime minister says that Norman Lamont should not be used as an "air-raid shelter". The cabinet has been told that it cannot cover beneath the Chancellor of the Exchequer's reinforced concrete skin and that if any one of the colleagues is to take a direct hit, all must suffer equally.

So be it. Mr Lamont must take his chances, such as they are. Far more important than who is Chancellor is the question: what is the policy? John Major must now channel all the courage he has misguidedly exhibited over the past two years to a new, more humbling end.

He and his Chancellor should admit, initially at least to themselves, that they were wrong, that their policy forced thousands of small businesses into unnecessary bankruptcy and cost a million people their jobs. Then they should change course.

To rejoin the exchange-rate mechanism, as Mr Lamont yesterday announced he would do "as soon as circumstances allow", would be to compound past errors. The government must instead embrace the free market: freedom for sterling and freedom of manoeuvre for the Chancellor. He must regain the control over monetary policy and interest rates that he needs if he is to promote non-inflationary growth.

There must be no more sterling crises, no more humiliating losses of control. The only way to ensure that is to let the pound float freely. Such a strategy worked well for ten years under Margaret Thatcher. It works still in America and Japan. The exchange rate can be used as only one of many indicators.

Once the pound is set free, the government can make reduced interest rates its priority. Nothing else will restore the confidence needed to initiate economic recovery. Interest rates can safely be used to encourage growth rather than to restrain

inflation, as long as public spending becomes the counterbalance. If rates are to be cut, so must expenditure, preferably current rather than capital spending. A public-sector pay freeze would be a start.

This policy happens to be far closer to Mr Lamont's heart than is membership of the ERM. He may have been temporarily persuaded by his officials and his prime minister of the virtues of fixed exchange rates, but they have never been his natural inclination. For those who want villains in this humiliating saga, there is better hunting ground among Treasury officials.

Senior officials managed to convince first Mr Major and then Mr Lamont of the sanctity of the ERM and the pound's parity within it. Both Chancellors were catapulted to the job and lacked the experience and confidence to question the advice they were given. When sterling joined the ERM at the central rate of DM2.95, the Bundesbank warned the Treasury privately that this rate was not just foolish but reckless: it could not last. Treasury officials persuaded Mr Major that the Germans were wrong. Now they have the gall to blame the Bundesbank for causing this week's debacle.

If Mr Lamont wants to continue in office, he must extract from his top officials a clear indication that they too recognise their errors. If they do not accept that they made a mistake and they continue to advise this Chancellor, or indeed any successor, it is hard to see how the job can be well done.

The economy needs vigorous resuscitation. Interest rates must be cut aggressively until it is clear that a strong recovery is under way. Yesterday's return to 10 per cent was necessary but by no means sufficient to that end. Once the French referendum has resolved the markets' uncertainty, Mr Lamont should have the courage of his old convictions. He may even keep his job.

## AGENDA FOR EUROPE

The government has to regain control not only of the economy but of its policy towards Europe. The British presidency of the Community has been thrown off course, not just by money markets but by a series of events, beginning with the Danish referendum, that have left it floundering amid the wreckage of its original agenda. Britain now has to plan not only for a French no in Sunday's referendum and the consequent collapse of Maastricht, but for the threat to its worthier ambitions which have also been largely discredited by the turbulence displayed this week.

By an accident of timing, Britain took over the presidency at a time when ratification of Maastricht was due in all member states. This therefore became the priority. But other policies, pushed aside by treaty obligations, were of greater fundamental importance: the enlargement of the Community, the conclusion of a successful Uruguay Round, the removal of the final obstacles to a single European market.

All these became politically, though not legally, subservient to Maastricht. Now Britain needs to set itself a new agenda for Edinburgh. There is much to do. Speeding up the accession of Finland, Sweden and Austria ought to be possible if the negotiations are no longer linked to the ratification of Maastricht, as the Lisbon summit insisted. But much damage has been done this week to the EC's reputation here.

The allure of the Community is rapidly fading in most of the current and potential applicants. The EC is seen as a cumbersome bureaucracy not flexible enough to deal with the economic differences of its members, and one which is increasingly at odds with itself and its public over Maastricht.

Other difficulties include the likely stiffer opposition from those countries such as France and Spain which always saw deepening the Community as more important than widening. They will not want a victory for the British school that sees larger

membership as a way of forestalling centralising pressures in the EC. The French government will be wounded in the event of a no vote. Pride and resentment may make it reluctant to agree with the British view.

But French weakness can also be a British opportunity. The Foreign Office should press hard for curbs on the Commission's powers to initiate legislation for the community, for repeal of burdensome legislation that breaches the spirit of subsidiarity and, hard though it may be, for greater flexibility in the Gatt talks. The Americans are ready. Europe must respond.

Britain will need to change gear halfway through its presidency, much as the Dutch did, to rewrite the agenda for Edinburgh. To push ahead with enlargement, still an important goal, the government must insist that deepening Community co-operation does not mean that every country must move forward at the same time on the same issue and at the same speed.

The events of the past week have shown this clearly on monetary policy. Already exceptions have been made for countries not wishing to commit themselves now to common policies, most notably Britain over monetary union and the social chapter. But in areas such as defence and border controls the Community will increasingly see some members wanting to pursue more common policies than others.

New applicants cannot be offered a Europe completely à la carte; but they, and the Twelve, should recognise that the Community will develop more manageably, and better hold its attraction, if it allows this "variable geometry" to correspond to the needs of its members. Maastricht speaks of an "ever closer union". Even if the treaty falls, that is still the ideal. But it is one based on co-operation and self-interest, not on an inflexible strait-jacket. Britain presides over a Community confounded by the events since Denmark voted no. It should reassess its leadership.

## SIGNED BY THE TSARS

One of the world's most enduring mysteries may be on the verge of resolution. If forensic tests which began yesterday at the Home Office's Aldermaston laboratory prove positive, we shall know at last the fate of the Russian royal family, presumed murdered by the Bolsheviks in 1917. Their bones, brought to Britain in an old airline bag and displayed to the press yesterday, may finally be allowed to enjoy a Christian burial.

In an age when scientific advance is often taken for granted, there is something awe-inspiring about this prospect. From a few pathetic fragments dug up from a pit in the forest near Ekaterinburg, the analysis of DNA may produce certainty where hitherto there has been only the fog of hearsay and Soviet-filtered history. When Francis Crick and James Watson deduced the structure of DNA at Cambridge in 1953, even those two self-confident characters could not have believed that in their lifetimes it would provide a scalpel to probe into the past.

In Mark Twain's novel, *Pudd'n-head Wilson*, the eponymous hero meditates on the qualities that men carry with them from cradle to grave, marks that do not change and by which he can always be identified. "These marks are his signature, his physiological autograph, so to speak, and this autograph cannot be counterfeited, nor can it be disguised or hid away, nor can it become illegible by the wear and mutations of time... this signature is each man's very own — there is no duplicate of it among the swarming populations of the globe."

Mark Twain is writing here of the fingerprint, then newly demonstrated as the basis of an infallible identification system, but his words apply even more cogently to

DNA analysis. There is, though, one important difference: the grave provides no obstacle to the DNA detectives, who can reach back into the very beginnings of time to pluck out their information.

Already they have taken a new look at the Egyptian mummies, and isolated DNA from bees preserved in amber 25 million years ago. The hairy mammoth, frozen to death in a Siberian swamp, can be anatomised in his absence by the patterns of his DNA. The slow evolution of mitochondrial DNA, which passes only through the maternal line, has been used to produce the seductive theory that we are all descended from a woman who lived in Africa millions of years ago, though revisionists now argue that this thesis is rather too good to be true.

More recent history can also be turned round by the forensic scientist's skill. In Argentina, where hundreds of children were left orphaned by the murder of their parents by a military government in the 1970s, DNA analysis has been used to re-unite at least 50 of them with their grandparents. The commemoration of another war with a tomb of an unknown warrior, known only "unto God", may have become impossible. DNA analysis will enable any fallen soldier on the battlefield to be identified.

The most potent application of the technique, however, comes in the studies of human society. Theories of the spread of language, of agriculture, or of the races of man can now all be put to the acid test. By analysing the ebb and flow of genes across the continents, humanity will understand its own past more precisely than even the most demanding historian could ever have wished. History is at last becoming an exact science.

## LETTERS TO THE EDITOR

1 Pennington Street, London E1 9XN Telephone 071-782 5000

### Post-mortem on the day that sterling hit the exchange-rate floor

From Mr Howard Epstein

Sir, Now that it is clear that our government has totally ruined the economy, it is hard to see who or what they can blame. Not, surely, the unions, for they have been enfeebled; nor Labour, without a staff of power for 13 years; nor the "workers", whose productivity, where there is productive capacity left, is good and strike-record even better; nor international forces, for they have not conspired to damage stronger economies; nor shortage of capital, after selling off the state industries; nor lack of liquidity, after the free-flowing of North Sea oil taxation.

Who, then, has erred?

Yours etc.,  
HOWARD EPSTEIN,  
1 Grosvenor Place, W1.  
September 16.

From Professor Richard Dale

Sir, The government's economic policies have failed the nation on a disastrous scale and some examination of the path it has followed is surely justified.

Fundamental economic objectives appear to have shifted erratically. For instance, in the aftermath of the 1987 stock market crash the authorities imprudently hastened to cut interest rates for fear that there might be a slump. Yet now that we are experiencing the worst slump since the 1930s, the government is prepared to raise interest rates.

The government has adopted, and then discarded, a succession of exclusive policy targets. In the early 1980s it was the money supply; in the mid to late 1980s it was the budgetary balance; and until yesterday it was the exchange rate.

At the height of the 1980s boom we were told about the prospects for continuing tax cuts, the defeat of stop-go and the emergence of a miracle economy — language calculated to enthrall consumers and businessmen alike. Then, when the economy moved into deep recession, we heard about the government's determination to eliminate inflation, altogether, to cut government spending and to defend the value of the pound, come what may.

Perhaps the most puzzling aspect of the present crisis is the prime minister's willingness to bet his govern-

ment's future against a deutschmark-pound exchange rate over which he has no control. Perhaps it is not unfair to suggest that he is the biggest speculator of them all.

Yours sincerely,

R. S. DALE,  
University of Southampton,  
Department of Accounting and  
Management Science,  
Highfield, Southampton SO9 5NH.  
September 17.

From Mr Austin Mitchell, MP for Great Grimsby (Labour)

Sir, How ironic that the Europeans have saved us from our traditional British folly of hanging on to an overvalued exchange rate until we have damaged the economy so much that we make the indefensible totally untenable.

Now that we're back in the real world we should recognise that the pound has some way to fall to a competitive level. We cannot put all our resources back to work until we shed that incubus.

What we should do is halve interest rates; let the pound find its market level — one where further speculation will be on a rise not a fall; then a clean float as we expand the economy, just as Ted Heath did when he left the European currency "snake" in 1972.

You cannot impose European unity by monetary means. To do so is to misunderstand the exchange rate's role as a market-clearing mechanism. Eurocrats won't accept bad as a prelude to worse, however stupid their politicians, and to advocate a return to the ERM is a failure to understand what has happened. That system forces us to reward speculation and to damage the real economy.

There seems little point in damaging industry in order to testify to a communal enthusiasm most of us do not feel. The markets have told us we must rebuild our manufacturing base before we play with the big boys. They're right.

Yours faithfully,  
AUSTIN MITCHELL,  
House of Commons.  
September 17.

From Mr Stephen Mulliner

Sir, The criticism of the Chancellor and the prime minister in their handling of the sterling crisis is

exaggerated. Reluctance to abandon the ERM was laudable and only a tactical novice would suggest that they should have talked or acted differently beforehand. I trust that political wit will ensure that they do not forget to thank Mr Smith and Mr Ashdown for their unflinching rejection of voluntary devaluation.

The prime minister has been wholly right to mount the fiercest possible campaign against inflation and to have used membership of the ERM as a tool to establish an anti-inflationary credo that is unprecedented in this country in recent years. He at least recognises the appalling economic consequences of inflation in the context of a rising proportion of long-lived pensioners within the population.

There is a vital difference between voluntarily adopting devaluation as an easy solution and being forced into it. Only in the latter circumstances can an anti-inflationary strategy retain credibility.

Yours faithfully,  
STEPHEN MULLINER,  
Widenden, Weydown Road,  
Haslemere, Surrey.  
September 17.

From Lord Campbell of Alloway, QC

Sir, Lord Boyd-Carpenter's letter (September 16) affords a refreshing reminder of the inexorable law of economics which dictates that, in an export trade balance, demand and supply of goods and services will in the long run be reflected in the exchange rate for the currency.

The Rome treaty envisaged economic revival for Europe, full employment, an enhanced standard of living; not recession in which each state would have to fend for itself at the expense of other member states. The reunification of Germany was not envisaged. The consequences of reunification were not foreseen. If a proverbial spanner has been cast into the financial markets, the exchange-rate mechanism and European monetary union, so be it. At least this assertion of German dominance will have dampened federalist ardour and the aspirations of M Delors.

A "yes" vote in the French referendum could give not only a welcome boost of confidence but also some temporary respite for sterling if measures were to be introduced to restore

the balance of trade. As Lord Boyd-Carpenter has truly said "... tying the pound to a strict parity with other currencies is clearly disadvantageous".

I am, Sir, your obedient servant,  
CAMPBELL OF ALLOWAY,  
2 King's Bench Walk, Temple, EC4.  
September 16.

From Professor Gordon Pepper

Sir, Devaluation alone does not work. Devaluation accompanied by control of the money supply does. An immediate adoption of a credible system of monetary control would restore confidence and allow interest rates to come down.

Yours faithfully,  
GORDON PEPPER,  
City University Business School,  
Frobisher Crescent,  
Barbican Centre, EC2.  
September 17.

From Mr Paul Simpson

Sir, No commercial enterprise would allow the chairman and a director who had so badly managed its affairs to continue in office. If John Major and Norman Lamont do not resign they should be forced out of office by their fellow parliamentarians.

Yours faithfully,  
PAUL SIMPSON,  
15 Bancroft Avenue, Cheshire Hulme,  
Cheshire.  
September 17.

From Mr Anthony Pearce

Sir, Of course, all of this could not have happened within a single currency under economic and monetary union.

Yours faithfully,  
ANTHONY PEARCE,  
Access EIG,  
Queen Elizabeth Conference Centre,  
Westminster, SW1.  
September 17.

From Mr N. S. Sloan

Sir, Can we now have our prime minister back?

Yours faithfully,  
NIGEL S. SLOAN,  
Annandale,  
West Heath Avenue, NW11.

Business letters, page 23

### Taxis and minicabs

From Mr Geoffrey Trotter

Sir, The conflict in London between taxis and minicabs (Saturday Review, September 5) cannot be settled on the streets.

Cab drivers are rightly incensed. Taxis must conform to the rigorous standards laid down by the police, but any ordinary citizen can set up in business by using the family car as a minicab. Minicabs now outnumber taxis by two to one; if nothing is done, London's world-famous black cab service will be in jeopardy.

We propose a single-tier licensing system, with all vehicles and drivers wishing to provide a taxi service in the capital having to conform to a single set of standards over a given time-scale. This would involve a levelling up to agreed standards which would be enforced by the Public Carriage Office, ensuring safer, more efficient personal public transport in London.

The minister responsible at the Department of Transport, Mr Steven Norris, is currently considering evidence from a working party which did at least bring both sides together for the first time. There are now clear indications that there is sufficient common ground between the leaders of the two trades to try and solve this problem once and for all.

Yours faithfully,  
GEOFFREY TROTTER  
(Chairman),  
London Taxi Board,  
1-3 Brixton Road, SW9.

### Private hospitals

From the Chief Executive of BUPA

Sir, Mr George Foster (letter, September 15) said that "anyone reading the report on medical fees and a possible 'cartel' could be forgiven for being puzzled as to where the cartel actually existed".

Totally erroneous information often causes puzzlement. Mr Foster stated that "BUPA owns over 50 per cent of the private hospitals in the UK". BUPA actually owns 29 out of 210 acute private hospitals. By any measure this is neither a monopoly nor anything like 50 per cent of the total.

In addition, BUPA Hospitals Ltd is managed quite separately from the insurance division of BUPA and there is no question of the two jointly determining rates. The insurance arm, BUPA Membership, negotiates with the BUPA hospitals on the same basis as it does with around 900 other hospitals providing private treatment. Similarly, our hospitals have to negotiate with over 20 insurance companies, including BUPA.

There is a great deal of misinformation circulating about the private health sector at present. Hopefully, one result of the Monopolies and Mergers Commission enquiry will be to clear up some of the facts.

Yours faithfully,  
PETER A. JACOBS  
(Chief Executive),  
BUPA, Provident House,  
Essex Street, WC2.

### Call for UN lead in Somali lands

From Mr Terence Gavanagh

Sir, Contrary to the dreadful evidence of factional infighting in pursuit of national domination, the Somali people are exceptionally homogeneous in ethnic origin, linear descent, language, territory, nomadic dependence and socio-religious observance.

That pride in their traditional systems has not been eradicated is attested by the continuing respect accorded to clan-family leaders, or *ugals*, who are being utilised by the indispensable voluntary agencies in the field (report, September 1).

The postwar vision of a "Greater Somalia", symbolised by the five-pointed white star on a national flag of United Nations blue, may have faded, but there will remain an imperative need for close co-operation between the separate pieces. If there is not, cross-border conflicts will inevitably flare up between the divided clans, some of which have been

uprooted from their areas of origin and spread across different political entities with divergent interests.

There is need for an immediate and thorough analysis, over the whole spread of Somali-occupied lands, of the indigenous and other local administrative instruments which can offer a framework for control and stability, managed by their own people, in their own way, for their own salvation.

Action to this end might well be initiated and co-ordinated by the new UN department of humanitarian affairs, in close consultation with Somali representatives from all quarters, voluntary agencies in the field and the International Red Cross.

Yours etc.,  
TERENCE GAVAGHAN  
(Chairman, UN commission for the administrative integration of the Somali republic, 1962-3),  
62 Hotham Road, SW15.

### Animal rights

From Mr Stan Blackley

Sir, Bernard Levin, in "Animal rights and wrongs" (September 10), finds it "strange" that the Australian government hesitates to cull the kangaroo "in serious numbers". This year, I understand, it has licensed the killing of a record 5.2 million kangaroos (over a quarter of Australia's total kangaroo population). The authorities of New South Wales plan to legalise the eating of kangaroo meat. (It is already eaten in Tasmania and Southern Australia.)

Mr Levin also states "that nobody ever suggests eating a monkey, let alone an ape"; yet primates are eaten every day in (among other places) Indonesia and the Philippines. I doubt whether Mr Levin "ranks equal with Leonardo da Vinci, Beethoven and Shakespeare" as he so modestly suggests in Leonardo's words:

"The day will come when men such as I will look upon the murder of animals as we now look upon the murder of men."

Yours faithfully,  
STAN BLACKLEY  
(Assistant Campaigns Officer),  
Advocates for Animals,  
10 Queensferry Road, Edinburgh 2.

From Mr A. F. Graham

Sir, Mr Levin defended the idea that animals are inferior with a fanaticism to equal the Animal Rights camp-

aigners he condemned. His argument was that animals "are obviously 'lesser' in a real sense — the sense being the place on the ladder of what the creature can achieve". It was better put by Bertrand Russell:

"Organic life, we are told, has developed gradually from the protozoon to the philosopher, and this development, we are assured, is indubitably an advance. Unfortunately it is the philosopher, not the protozoon, who gives us this assurance (*Mysticism and Logic*, ch. 6).

Judging something outside one's standards by one's own standards will naturally lead to condemnation. This is the basis of racism and raises the question how much one may properly exploit the weak.

Yours sincerely,  
ADRIAN GRAHAM,  
39 Alexandra Road, Epsom, Surrey.

From Mr R. J. Mehta

Sir, It is exactly because human beings are the highest form of life and the only species capable of compassion that they are expected to care for all other lower forms of life, including animals. The ancient Jain religion, which influenced Gandhi in his non-violent movement, extends this compassion even to insects and vegetation.

Yours truly,  
RAJNIKANT J. MEHTA,  
18 Leigh Court, Byron Hill Road,  
Harrow on the Hill, Middlesex.

### Shorter hospital stays

From Mr J. H. Scurr

Sir, Shorter hospital stays (report, September 7) should not be associated with a greater incidence of medical claims. Where claims have been made, they are invariably associated with poor patient selection (some patients being unsuitable for short stay or day care surgery), poor surgical technique or inadequate follow-up

arrangements. All these problems and complications are avoidable and should not deter the development of day surgery or shorter hospitalisation. This trend has indeed led to many improvements in patient care, at the same time improving the efficiency and utilisation of resources.

Yours sincerely,  
JOHN SCURR (Consultant surgeon),  
The Middlesex Hospital,  
Mortimer Street, W1.

### Herbal remedies

From the President, National Institute of Medical Herbalists

Sir, Your report, "Herbal tea linked with liver deaths" (September 11), raises the serious issue of the need for support and money for clinical research into plant medicines.

Although a quarter of all present-day drugs have a plant origin, most of the medical profession are alienated from this tradition of presenting herbal remedies.

Individual remedies must, of course, be subject to proper scientific scrutiny, but we must beware the undermining of herbal medicine as a discipline in its own right.

Herbal practitioners are guardians of a priceless tradition.

Yours faithfully,  
MICHAEL MCINTYRE,  
President,  
National Institute of  
Medical Herbalists,  
9 Palace Gate, Exeter, Devon.  
September 14.

### Europe and BST

From the European Commissioner for Transport

Sir, Contrary to your report of September 5, the European Commission's intention is not to "fix deadlines" for British summer time, nor have I ever said that "Britain might have to come into line with the rest of the EC" in this respect.

My only concern is to propose to the member states measures to ensure harmonisation of the period during which they change their time. In order to avoid confusion in the transport sector and inconvenience for the traveller.

It remains, as it has always been, the responsibility of the member states themselves to decide whether or not they apply summer time and to choose the time they wish. All we are doing is to coordinate at the specific request of member states.

Yours faithfully,  
KAREL VAN MIERT,  
Commissioner of the European  
Communities,  
Rue de la Loi 200,  
B-1049 Brussels, Belgium.

### Booker price

From Mr F. G. Benson

Sir, Since, as your correspondent points out (letter, September 12), the price for each novel on the Booker short list is one irritating penny short of £15, would it not be appropriate for the prize itself to be £19,999?

Yours faithfully,  
FREDDIE BENSON,  
190 Stockingstone Road,  
Luton, Bedfordshire.

Letters to the editor should carry a daytime telephone number. They may be sent to a fax number — 071-782 5046.











## ITV close to hiring network director

By MELINDA WITTSTOCK  
MEDIA CORRESPONDENT

ITV IS in negotiations with the man it wants as its new network director, who will from next year have more power over what 20 million people watch on the network than any individual has had before.

Talks with Marcus Plantin, now director of programmes at LWT, began last week but Mr Plantin has yet to be formally offered the job.

The delay is understood to be the result of quibbling between ITV company negotiators over how much of Mr Plantin's "golden handcuff" LWT share options, thought to be worth upwards of £500,000, should be recomputed by the network.

Mr Plantin, who would take responsibility for commissioning and scheduling £500 million a year of programmes from the ITV companies, is understood to want a financial safety net.

ITV will not formally offer the job until after Andrew Quinn, chief executive, returns from holiday a week next Monday. The network wants to avoid the embarrassment caused in July when David Argyll, managing director of Emap, turned down the post of chief executive.

Mr Plantin, 46, is understood to want the job. He is backed by Greg Dyke, LWT's chief executive and chairman of the ITV Association. David Elstein, director of programmes at Thames, and Charles Denton, a former director of programmes at Central and now an independent producer, are the two other main candidates.

Mr Plantin joined BBC Television as a trainee in 1970 and was directing and producing such programmes as *The Two Ronnies*, *Wogan* and *The Generation Game* by 1976. He was recruited to LWT, where he launched *Blind Date*, in 1985 by John Birt, then LWT's director of programmes and now BBC director-general designate.

In 1987 he became controller of entertainment and in 1990 he was promoted to director of programmes. He has had less than two years experience scheduling programmes.

Mr Quinn and Mr Plantin, if hired, will be the first executives in ITV's 37-year history to run the centralised commissioning and scheduling system, which ends ITV's programme supply cartel.



Rainbow rendezvous: Joel Bartley, 10, of Paxton primary school, Crystal Palace, tests Colourscape, a giant maze of multicoloured, inflated, PVC chambers which, filled by musicians and audience, features in the Nettlefold Festival at Clapham Common, south London

## France and Italy seek EC summit

Continued from page 1  
precious instrument," Giovanni Ravasio, director-general of the Commission's economic directorate, said. "It does produce discipline and stability in exchange markets. There is no question of abandoning either the spirit or the rules of the system. The markets were exasperated. They were trying to find weakness in the ERM." He said both Britain and Italy "went to the limits" of intervention and had no other option but to withdraw.

The British members of the monetary committee, which manages the ERM, have refused to make any commitment on when Britain might rejoin. Senior officials privately made clear that they sympathised with Britain's difficulties. Britain's economy was "basically sound", one said, and its problems were negligible compared with Italy's.

Italian sources said there had been sense exchanges between British and German representatives at the com-

mittee's meeting. Sir Nigel Wicks of the Treasury and Andrew Crockett of the Bank of England, Britain's delegates, suggested that the ERM be suspended until after France's referendum but gained little support.

Jacques Delors, president of the European Commission, said yesterday that the lesson of the turbulence was that only the discipline and strength of a single currency could protect Europe from unstable currencies.

In Washington, Michel Camdessus, managing director of the International Monetary Fund, defended Germany's monetary policies and urged other EC countries to reform their own economies. Asked if Germany had been too tough, he said: "I would not say that. I would say that too much of a burden has been put on them."

Theo Waigel, the German finance minister, said yesterday that it was wrong to blame Germany for undermining confidence in the weaker ERM currencies.

## Lamont shrugs off calls to resign over ERM

Continued from page 1  
emergency debate on the economic crisis.

Several Tory MPs continued to call for his resignation, however, and many believe that he may yet be moved from his post when the present turmoil has abated. Kenneth Clarke, the home secretary and favourite to replace Mr Lamont should he go, said the Chancellor was carrying out the policy of the government as a whole.

"It was the cabinet's policy and the Chancellor carried out the policy of the cabinet extremely well, despite the pressures of the currency markets which eventually overwhelmed us. I see no need for a change of Chancellor personally," he said.

Mr Lamont told BBC Television that the decision to suspend Britain's ERM membership had been forced by overwhelming pressures. "The policy I have been following is the policy of the whole government and I know I have the support of the prime minister and the full support of all my cabinet colleagues."

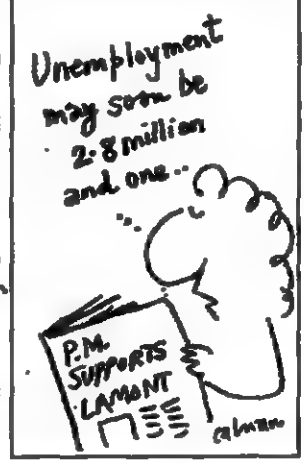
When he was asked how anybody could rely on his word again, Mr Lamont said: "I have not sought devaluation, nor did the Italian finance minister nor the Spanish finance minister, all of whom found themselves overwhelmed by the extraordinary events of the past couple

of weeks, the like of which we have not seen for 20 or 30 years."

"The decision I made was unavoidable," he said. "I believe the decision I made was correct. I have not sought devaluation. I did not seek to leave the exchange-rate mechanism. What we have done is suspend our membership and I have made clear that we intend to resume membership when the circumstances allow."

"We have been dramatically successful in getting inflation down from nearly 11 per cent to under 4 per cent. It has been a long, hard slog. Having worked so hard to get this country to be a country of low inflation, I am not going to chuck it away in a few weeks' time," he said.

Full analysis, pages 2-4  
Simon Jenkins, page 14  
Analogue Kalesky, page 14  
Leading article and letters, page 15  
Matthew Parris, page 18  
Business Commercial, page 23



## Conference sketch

## Lib Dems rise to Beith's occasion

Yesterday at Harrogate, the full weight of the Bundesbank and the massed forces of the international currency markets combined to achieve the impossible... but to that in a moment.

First, let me tell you about Mr Beith, the Liberal Democrats' shadow chancellor.

Alan Beith MP is a small, cuddly man with spectacles. I know too little of bird genetics to be confident that you could mate an owl and a penguin, or cross a waddle with a shuffle, but if you try to imagine an owl in a waddle, wearing a kind of wuffle and wearing an expression of surprised wisdom, then you have Mr Beith.

He's a rather unlikely modern Lib Dem more in the mould of Methodist Sunday school teacher, a dying breed these days in the party. Marching for gay rights or penning himself into a battery cage are not Mr Beith's style. His politics are cautious, conservative, and his platform performance donnish. Beith has no truck with the sound-bite.

All these qualities make him an ideal Treasury spokesman, a portfolio he handles with quiet assurance. He would be a natural chief secretary in a coalition cabinet. Unlike many Lib Dem MPs, you can actually imagine Alan Beith in government.

Which is perhaps why a party of protest does not warm to him. Beith's careful speeches have seldom wowed Lib Dem conferences. He distrusts the vision thing. His party distrusts the action thing. So not for Mr Beith the rapture of standing ovations. Police applause, furrowed brows and the sound of delegates scratching their heads is his normal conference fare.

That is why yesterday was so remarkable. With currency markets in turmoil and the real Chancellor flat on his face, even Liberal Democrats recognized the need to look up from their conference agenda and confront the crisis. They called for Beith. Beith was to make a statement. Delegates crowded into the hall. Silence fell. Beith rose.

Somehow the drama of it all had got through. Beith waved his arms. Beith declared the government. Here, he said, was another fine mess they'd got us into. Beith mocked. Beith ad-

vised. Beith warned. Beith lashed out. Beith did something almost unheard of in his decades in politics: he looked up from his notes. Finally, his blast finished, he prepared to leave... But wait! A strange sound assailed his owl ears. Could it be... applause? Loud applause. Sustained applause... and what was this? A delegate was standing up in her place. Another joined her, then another, then another. Soon, the entire conference was standing. It was — oh yes — it was a standing ovation for Alan Beith.

He raised his eyes and blinked. Then the owl began wuffling towards the steps. Something lit his face. On anyone but Mr Beith you would have called it triumph. Danke, Deutschland.

Of anyone but Paddy Ashdown, you would have called the leader's speech, which followed, "rousing". The trouble is that with Paddy we have been roused for so long, now, and at so many conferences, and always in the same way, that a sort of rouse-fatigue, or orator's drop, threatens.

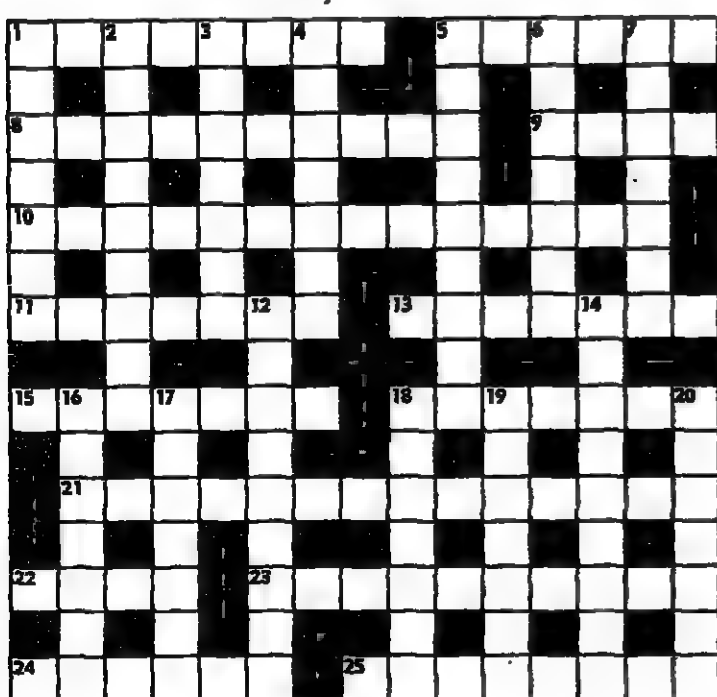
It was the usual stuff. "Savage attacks" on the Tories, a rather gingerly nip at Labour, a handful of engaging but expensive policy suggestions, and a bucketful of vacuities. Challenge, Opportunity and Leadership featured heavily. Conference liked that.

But then they would. We allege no outright retreat to the loony-bin when we remark that tentative little buds of visionary unrealism peeked up again, here and there, this year at Harrogate. Eventualities were on the festive display again. Only a few sandals, it is true, a couple of pairs of shorts and a scattering of funny hats. But beards are back on the increase. Ginger hair is sprouting again, at the fringes of Liberal Democracy. Fur is growing back over the bald patches.

Do political parties, perhaps, like little mammals, carry fur-bearing genes instinctively activated when the creature senses frosty times ahead? Like the humble ermine, does the party know, in its collective folk-consciousness, that an ice-age stretches into the future, and is bedding down in, and bedding down for the long winter ahead?

MATTHEW PARRIS

## THE TIMES CROSSWORD NO 19,027



### ACROSS

- O, a letter used to spell 'brook' (8).
- Man wearing an alien strip (6).
- Talked at length about plagiarism being denounced (10).
- Nearly but not quite dark (4).
- Contractors enter this too (4,3,7).
- State doctor went ahead and took a risk (7).
- Shall I clean kitchen pans as youth starts to provide sustenance for invalids (4,3).
- It's hard, what can be held responsible for damage (7).
- Delegates about to frame press-man (7).
- Hour for whom Strelitzia was named (4,3,8).
- Some animals, not all, are bad-tempered (4).

### Solution to Puzzle No 19,026

WARRIOR JOURNEY  
O B A A R I O  
R E G I S T R A R A L I O  
T I O P I L E E  
H O M E R S I N I S T A L  
V E B I O I L  
I N D I S C R I M I N A T E  
S I L D G O S E C H A S E  
I A H R L N A S  
M A N H A N D L E E Q L A T  
I M A G O D I S E M A R K  
N O R D U L O G E  
G O S E N D Y O N K E R S

### DOWN

- Excellent execution (7).
- He could be memorial — to cats (4-5).
- Sending out the indefinite article (7).
- I advance, following army in the rear (4-3).
- Where to put cedilla or accent (9).
- Search revealing smuggled liquor (7).
- Continue to ask, and one gets a flower (7).
- Runner very bad about money in competition (9).
- Aristocratic girl's name (9).
- Going round with a doctor, one with a medical speciality (7).
- Salt, one absorbed by weaver (7).
- Put up round high ball — a help in the game (7).
- Bill mountain-climbing with Jack, perhaps (7).
- In other words, go without finally finishing back-cloths, etc. (7).

Concise Crossword, page 9  
Life & Times section

A daily safari through the language jungle. Which definitions are correct?  
By Philip Howard

**OOLOGY**  
a. Faint preface  
b. Extraneous surprise  
c. Study of birds' eggs  
**PHOTIC**  
a. Having to do with light  
b. Pertaining to warnings  
c. A quaver in the voice

**REFSED**  
a. The Phoenician dilemma  
b. Unbearable, speakable  
c. Worst case  
**SWINE**  
a. To work hard  
b. A swineherd  
c. A seasickish wick

Answers on page 16

### AA ROADWATCH

For the latest AA traffic and roadworks information, 24 hours a day, dial 0636 401 followed by the appropriate code.

London & SE	731
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M-ways/roads M1-M25	733
M-ways/roads M1-M25	734
M-ways/roads M25-M4	735
M25 London Orbital only	736
National	737
West Country	738
Wales	739
Midlands	740
North-west England	741
North-east England	742
Scotland	743
Northern Ireland	744
AA Roadwatch is charged at 36p per minute (cheap rate) and 48p per minute at all other times.	

AA Roadwatch is charged at 36p per minute (cheap rate) and 48p per minute at all other times.

### A MOVING STORY...

...with a happy ending.  
Make a note of WPA's new headquarters address.  
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## WEATHER

Northern Ireland and western Scotland will start dry and bright, but rain is likely in the evening. England, Wales and the rest of Scotland will start rather cloudy with rain in places. Dry weather with sunny spells should reach much of Scotland, Wales and northwest England during the morning, but northeast Scotland will remain cloudy until the afternoon. Brighter weather will spread slowly southwards into other parts of England during the afternoon, but the southeast will probably stay rather cloudy. Outlook: cloudy in the north; mainly dry in the south.

MOON: 1st quarter, 10.10pm; 2nd quarter, 11.10pm; 3rd quarter, 12.10pm; 4th quarter, 1.10pm.

Area	Temp	Wind	Cloud	Rain	Sea
Aberdeen	10.7	15	15	0.0	1.5
Edinburgh	10.5	15	15	0.0	1.5
Glasgow	10.4	15	15	0.0	1.5
London	10.3	15	15	0.0	1.5
Manchester	10.2	15	15	0.0	1.5
Newcastle	10.1	15	15	0.0	1.5
Sheffield	10.0	15	15	0.0	1.5
Southampton	9.9	15	15	0.0	1.5
Wolverhampton	9.8	15	15	0.0	1.5
Cardiff	9.7	15	15	0.0	1.5
Belfast	9.6	15	15	0.0	1.5
London	9.5	15	15	0.0	1.5
Manchester	9.4	15	15	0.0	1.5
Newcastle	9.3	15	15	0.0	1.5
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Newcastle	2.9	15	15	0.0	1.5
Sheffield	2.8	15	15	0.0	1.5
Southampton	2.7	15	15	0.0	1.5
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Cardiff	2.5	15	15	0.0	1.5
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Newcastle	2.1	15	15	0.0	1.5
Sheffield	2.0	15	15	0.0	1.5
Southampton	1.9	15	15	0.0	1.5
Wolverhampton	1.8	15	15	0.0	1.5
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Wolverhampton	0.2	15	15	0.0	1.5
Cardiff	0.1	15	15	0.0	1.5
Belfast	0.0	15	15	0.0	1.5

For the latest region by region forecast, 24 hours a day, dial 0800 500 followed by the appropriate code.

### EXCHANGE RATES

Austria	18.5249	18.8990	White, Gloucs, Avon, Somers	706
Belgium	54.32	54.87	Berks, Bucks, Oxon.	708
Canada	2.1141	2.1889	Beds, Hants & Essex	707
Denmark	10.2036	10.2927	Norfolk, Suffolk, Kent	709
East Day	1.3272	1.3643	West Mid & Sth Glam & Gwent	710
France	9.9950	9.1089	Shrops, Herefords & Worcs	711
Germany	2.6304	2.6587	Central Midlands	710
Holland	2.9674	2.9926	East Midlands	710
Italy	2184.00	2264.76	Leics & Rutland	712
Japan	216.80	221.76	Dyfed & Powys	713
Norway	10.5643	10.8006	Gwynedd & Cwyd	714
Portugal	231.38	235.79	N W England	716
Spain	182.00	187.10	W & E Yorks & Deles	717
Switzerland	9.7398	10.0171	N E England	718
Switzerland	2.2879	2.3258	Cumbria & Lake District	719
US	1.7300	1.7805	W Scotland	720

Tourist rates not available as a result of heavy trading in the foreign exchange markets. The above rates give general buy-sell spreads.

EUROPEAN	
W Central Scotland	721
Edin, Fife, Lothian & Borders	722
E Central Scotland	723
Grampian & E Highlands	724
N W Scotland	725
Gloucesters, Orkney & Shetland	726
N Ireland	727

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Conference sketch  
Dems rise  
th's occasio



HEALTH p5,6  
Mitterrand  
and the  
prostate  
problem

# LIFE & TIMES

FRIDAY SEPTEMBER 18 1992

SPECIAL OFFER p4  
Your chance  
to collect two  
free USA  
flights

3

## Setting up the old girl network

The leaders of tomorrow are on an obstacle course today

By mid-morning today the largest gathering of independent school head girls the nation has ever seen will be crisscrossing each other through tyres suspended three yards above the ground in order to get to know themselves and each other better.

Then, born leaders to a girl, they will form teams to rescue each other from an island 50 yards from the shore, guide each other across five "snake infested" yards without touching the ground, play blindfolded croquet and form skiffle groups — "From scratch," says Jill Clough, the headmistress of the Royal Naval School for Girls in Haslemere, Surrey, which is hosting this year's Head Girls' Conference (Southeast Cluster).

She and Miss Meadows, the resident senior mistress and very strong in the Guide movement, have devised the tasks as practical self-assessment exercises which can be managed only with a fair amount of bodily contact. At noon, the girls return to base for another anxious moment, the feedback session, for while they have been assessing themselves, they will also have been assessed by members of staff.

The conferences, now in their third year, were devised by the Girls' Schools Association to encourage the leadership and networking which serve boys so well in later life.



and have become so popular that this year the head girl from Farlington, West Sussex, had to be turned away.

Programmes vary, but always deal with achievement and contacts. This year girls will be put into teams according to geographical areas so they can meet and form their power groups for the future. This is in line with the philosophy of the guest speaker, Geraldine Bowen, the president of the European Women's Management and Development Network, "who, you might like to know, has pink or purple hair," Dr Clough says. After a three-hour lunch, during which it is hoped friendships will be forged, she will address the girls on the topic, "Are You at Your Best?"

Last year the southeast conference was hosted by St Teresa's Convent School in Dorking, Surrey, where Leslie Allen, the headmaster, opted to inspire the girls with role models such as Esther Rantzen, Claire Troy, then head girl, says it was very valuable. As to women she now admires and considers role models, "I can't think of any at the moment. I can't say I have any. No."

"What has interested me," Dr Clough says, "is what happens to head girls when they leave school? They have a natural advantage, but don't necessarily know how to use it."

So 100 of them are assembling today for some testing bodily contact, to consider themselves at their best and to exchange addresses.

BARBARA TONER

## The id and the alter ego

What's a monster like Dame Edna Everage doing in a nice man like Barry Humphries?

Barry Humphries? Dame Edna gives her grimace of dismay. "In many ways he is a sad figure. I know he helped me in my career, but he still claims that he created me, and now he's trying to push himself forward. I shall not give his life story any publicity. I don't think it's very edifying. A dissolute saga. Dissolute. Broken hearts, too... I shall do nothing to publicise his book. Nothing more than hold a public book-burning next week."

Dame Edna was at the Savoy, holding forth with her usual pique in pink sequinned Chanel about her new game show, *Dame Edna's Neighbourhood Watch*, which starts on ITV tomorrow (8.50pm). Meanwhile, Mr Humphries was elsewhere, "cringing" with uncertainty about his

### THE VALERIE GROVE INTERVIEW



autobiography, *More, Please*, published on Monday by Viking. "I am not, Valerie, a shrinking violet," he says, "but the autobiographical mode is very naked."

How useful it must be to slip into another persona, the antithesis of oneself. Mr Humphries is a substantial fellow in three-piece suit and fedora, sober, polite and circumspect. After "a certain amount of wrestling with the pantyhose" Dame Edna Everage sashays forth, oozing outrageous remarks. The Humphries book does much to explain, rivetingly, the enigma behind the two.

"I always wanted more. I never had enough milk or money or socks or sex or holidays or first editions or solitude or gramophone records or free meals or real friends or guiltless pleasure or neckties or applause or unquestioning love or persimmons..."

That says it all, really, about the greed, avidity, and excess in Mr Humphries's odd life: childhood as a spoilt darling among prototypes; Ednas in suburban Melbourne, bookish adolescence; highbrow artistic youth; middle years all but lost in drunken oblivion. The book also explains why he is forever just off to his dentist in Wimpole Street. "I spend an enormous amount of time at the dentist," he says, "twisting at the prospect of the needle in the gum. My teeth are constantly being replaced." His harrowing dental history goes back to the home-made brace his uncle Jack fitted when he was a boy.

"He is such a happy little man," cooed his mother in her Baby Record. "He never cries. He plays all day long." Family snaps show a plump child, beaming at the camera, of "Barry's Shoppe", built by his doting builder father. Barry had only to climb a tree for his father to design a tree house, with telephone. "I was terribly spoilt," he says, "and this made life terribly difficult for me." His three younger siblings barely had a walk-on role. Refinement and gentility were the keynote. He was a Fauntleroy among barefoot boys at school, in blue Acetex shirts, fawn socks and leather sandals. At midday his father would drive him home for lunch with nanny on the lawn. His first and favourite nanny, notably, was called Edna. She disappeared one day, without explanation or farewell.

But it was the tea-rooms of Melbourne, hushed places with leaded windows, curio ledges and multi-tiered cake-stands, that offered him the chance to observe the Edna species amid the clink of spoons on sundae glasses; here housewives gathered in floral print frocks, exposing their "bye-byes" (the flaccid, wobbling triceps) as they waved bye-bye.

Would anyone be entertained to read about a Melbourne childhood? Mr Humphries wondered. But suburbia, and gentility — and oppressive Sundays, when his parents usually "had words", and the roast was cooked to an unappetising shade of grey (as he still prefers it) — are universal. He evokes it all vividly. "There is a communal memory, just as there is a communal humour. If you stand on stage and share your view of the world, people will connect with you. And it's the same with childhood memories."



"I am not a shrinking violet, but the autobiographical mode is very naked": Barry Humphries considers the possible dangers of revealing the man behind the frock

Incipient artists are cuckoos in the nest. Barry would win at his mother's tidy, respectable home, compared with the bohemian houses of more cosmopolitan boys at Melbourne Grammar, with their chamber music and garlicky food and old, secondhand books. (You never knew where they had been, his mother sniffed.) "Eric and I don't know where Barry comes from," his mother used to say, as he grew his hair and affected Turkish cigars and made his escape to perform Dadaist cabarets for the Sydney "push", the raffish fraternity of dropout academics, poseurs and poets in the 1950s.

Then came the drunken years, and the most confessional passages in his book. In London, in Lionel Bart musicals and with Spike Milligan in *The Bed-Sitting Room* it was touch and go whether he'd stagger on stage in time, in a muck sweat, hair plastered to scalp. He never knew where he would wake each day, or where he'd been last night: each day would begin with "Never again", but after a Fern-Branca he would start again.

"I was", he now says, "in a state of denial. I'd be thinking, that chap shouldn't be at home with his wife? One is really oblivious to one's own nature, deluding oneself that is a manifestation of the chemical dependency, which alcoholism is. For 20 years it was like living with the handbrake on. Although I did a huge amount of work, there was this inhibiting thing which I didn't understand. So once that was out of my

life I sort of surged ahead. Now, if one gets a bad review, or a show folds, one can take it because at least I know I've done the best I can. In the 1960s I was always wondering, did I get away with it? Did anyone notice? Did I manage to pull that off? So of course one had to work a million times harder, pouring in immense energy just to get through the day."

Only later did he admit to himself how much of the Barry Mackenzie cartoon strip in *Private Eye*, which first made his name, was autobiographical. Wives and mistresses who deserved better than "the sporadic companionship of a dissolute, guilt-ridden, self-obsessed boozier", were long-suffering. "I must remember I have a family," he would tell himself; but wife number two took the daughters away, leaving him with "that dull ache of loss."

His life became more and more unmanageable; he landed in a psychiatric ward. He recalls that when he was rescued by Alcoholics Anonymous, he asked his doctor what he would do with his time.

"Drinkers spend a lot of time — hours — at it. So they can't imagine how they will fill in all that time when they're not drinking. And the doctor said, well, there's things like gratitude, and concern for others..."

Getting unmarried, he reflects, is painful and expensive. "There is nothing like a divorce. Whoever is right or wrong, it is a bit like floods in Florence, it flushes money out... one is a few alarpiques the less." His daughters, actress Tessa and painter

Emily, are grown up; the two young sons, Oscar and Rupert, live with their mother, Diane Millstead, in Beverly Hills.

The self he now glimpses in shop windows is "a middle-aged man, dewlapped and disconsolate", but at 58 he has settled down with a fourth wife, the beautiful Lizzy Spender, writer daughter of the poet Sir Stephen. They married two years ago in Spoleto. In Sir Stephen's absence the composer Gian-Carlo Menotti gave the bride away. "My father-in-law, this poet," Mr Humphries says, "sometimes gets a glazed look, and I realise that I am talking to him when he normally watches *Neighbours*, which gives a more accurate picture of Australian life than any novel."

Re-living his childhood for the book left him dejected. He remains a worrier who always wants to know exactly where his loved ones are going, even shopping; and he is doubtless hard to live with, as geniuses are, but he seems to me less strange than he used to be. Ms Spender, who accompanied Dame Edna to the Savoy this week, glows contentedly.

His book, I must add, is a masterpiece. Readers might be advised to keep a dictionary to hand: being "a provincial optimism" (a late learner) like Clive James he peppers his writing with verbal display, especially of adjectives: opaline, lozenge, reboant, lacunose, tubating, mammiform, peristaltic, grumous-kneed, semipiternal, stercoraceous, mucilaginous, fuliginous; parading a particular fondness for words ending in id: turgid, foetid, hispid, gelid, old, viscid, pinguid.

Like fellow autobiographers Germaine Greer, John Osborne, Peter Nichols, he chides his mother's "materially discouraging" sardonic remarks which rankle to this day: "I see the *Herald* didn't give you a very good write-up. You see? You're not popular everywhere, Barry." "Are you sure your mother isn't Jewish?" he was once asked.

The Mrs Humphries / Dame Edna figure is, alas, universal too. What gives Dame Edna her spooky appeal is her unerring insight into the crabbed, anxious female psyche: she looks disconcertingly like a familiar aunt or grandmother, and if you interview her she will advise you on how to press your frock, and admonish you: "Don't neglect your children, daahling!"

I ask Mr Humphries why Dame Edna eschews the false front. "She is flat-chested," he says. "But as she says in her own autobiography, she has never felt that this is a particularly attractive aspect of a woman. She is still, according to her gynaecologist, capable of breastfeeding, which will come as good news to any man who happens to be trapped in a lift with her" (chortle). "But Edna wouldn't look like Edna with a bust. The

creation of the character never set out to be an elaborate impersonation."

He has said a hundred times he hoped never to put on that dress again; but his youthful party-piece has plainly taken over his life, in public at least, to the extent that he expresses humble amazement that anyone should wish to meet Barry Humphries, and even evades such self-exposure when invited. Once, he was due to open an exhibition of British art (as Humphries); on the day, to general delight, it was Dame Edna who turned up, in full fig, blowing kisses and reciting doggerel — "My house would be a great deal duller / Without the occasional water-colour" — defusing the occasion with jokes.

Constantly travelling — now that the dame has also conquered America — he lives in Hampstead

but says he fancies a house in Tazzy (Tasmania). "I like the remoteness of it. One could just come to London for shows. In my job you're never permanently anywhere. One is torn between a vagabond's life and a collector's impulse. Where do you put the Thackeray?" His Thackeray once belonged to his great admirer Sir John Betjeman, who shared his passion for the music-hall and the decadent poets and artists of the 1890s, and who first convinced him that his characters would catch on in England.

This week an Australian television journalist asked him: "Do you still think of yourself as an Australian?" The questioner was "looking, as they always do, for signs of rejection," he says. "I told her: 'I think of myself as Swedish actually.' She didn't know what to make of that."



"In many ways he is a sad figure": the dame on her creator

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## THEATRE

## Cold revenge is served up frozen

Medea  
Almeida

THERE are fashions in Greek tragedy and *Medea* is this year's flavour, bringing a *Medea Suburban* to the Lillian Baylis, *Medea Caribbean* to the Tricycle, *Medea African* with braziers to the Royal Exchange, and now *Medea* plain and cold at the Almeida, with Diana Rigg. If you have withers to wring, do not expect them to be wrung here.

Jonathan Kent has proved himself an able director in times past and an excellent actor besides. His performance as Don Juan at Manchester was the best I have ever seen, showing him to be no stranger to the art of conveying sarcasm, rage and cruelty. In a different proportion, these are the impulses a production of *Medea* calls for, and which his direction and the cast's performances seldom find.

Black headscarves and dresses on the Chorus of Women identify the setting as Greek, a rarity in recent productions, but it is a Greece of the mind, and Peter J. Davison's design imagines the exterior of a castle wall fashioned, like the hull of a battleship, from riveted metal sheets. Two gaps serve as entrances, one to the interior of the castle, the other leading from the courtyard out to Jason's new premises and the palace of Creon, Greek tragedy's all-purpose autocatalyst.

One of the upper sheets of metal slides back to reveal a narrow window. It is here that Rigg's *Medea* is found sitting as the play begins, with her back turned to the women below, who are watching her for signs of madness.

This window is an ingenious solution to *Medea*'s off-stage walls of misery, but Rigg's unchanging position, although it does suggest the lonely Rapunzel hoping that her prince will return, is strangely undemonstrative. In that respect, it is a true

taster for what follows. When she descends to speak with the women her pose of hesitation in the doorway prepares us for the improbably demure speech that follows. It is almost possible to accept that her words could persuade the women to take her side, for the full nature of her revenge is not yet evident. But as she argues with the visiting males, Joseph O'Connor's Creon, Peter Sproule's Aegeus, Tim Woodward's Jason — none of them well-characterised — though she may change her voice, look into their faces, toss her head and present all the outer physical motions of rage or supplication, some essential dimple in her voice is absent.

"This is a terrible passion," the Chorus declare. Not at all. When her two tow-haired moppets have toddled off with the poisoned gifts, Rigg strolls back to the courtyard. Her expression is concerned but the arrangement of her body does not correspond.

The children's puzzled looks at her do bring out the one persuasive moment of grief: she cannot return their gaze, stares wildly over their heads, and her fingers play a frantic tattoo on the back of her chair. The moment does not last; the schizoid argument with herself is just a muddle.

Kent's Grand Guignol tableau of the children cornered in the window produces a genuine shock. Nuala Willis's mezzo-soprano is good to hear, though it is odd that only she in the Chorus is a professional singer.

But the production is full of oddities and missed chances: Aegeus's boots show the dust of his travels, yet Jason returns from his bride's flaming bedroom unhinged but unstunged.

JEREMY KINGSTON  
DONALD COOPER

Unconvincing Diana Rigg as Medea at the Almeida

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● **DRAWN FROM LIFE:** Martin Short's first one-man show of agreeable drawings and prints of London landmarks, plus drawn records of National Trust restorations at Cheddon, Calke Abbey and Biddulph Grange, commissioned by the National Trust's Foundation for Art. Newly restored Sutton House, Hackney, renovated by the Trust as an East End arts centre, is full of historic 16th-century interiors and also boasts a new art gallery and concert hall.

● **JACOB EPSTEIN:** This show includes small but significant sculptures and among the drawings a hitherto unshown study for his revolutionary sculpture *Rock Drill* (1913). There are fine examples of his Epping Forest watercolours of the Thirties, and enthusiastic nudes.

● **CARLO CARRA - GRAPHIC WORKS 1907-1955:** Though a contemporary, close friend and co-inventor of Metaphysical Painting with De Chirico, Carra remains far less known outside Italy. He worked expressively in etchings and lithographs throughout his life, and they show him at his most continuously inventive, avoiding the monotony of his later paintings. Also an extensive selection of drawings.

Italian Cultural Institute, 39 Belgrave Square SW1 (071-235 1461) Mon-Fri 10am-6pm, until October 6.

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Ceremonial jade mask, made between 250 and 900 AD: "The transfixed gaze banishes antique remoteness; a direct, challenging confrontation with the here and now"

## Before and beyond Columbus

Richard Cork on a London show of ancient Mexican art

When the young Henry Moore came across a photograph of an ancient Mexican sculpture around 1929, the impact was dramatic. The mesmerising figure, lying on his back and twisting his head round to give the world a hypnotic stare, ignited Moore's imagination. He carved a monumental woman in response, defining for the first time on a grand scale the recumbent female who would dominate the rest of his work.

Modern British sculpture was transformed by the profound kinship Moore felt for this 1,000-year-old figure, discovered at Chichén Itzá. And, as if to repay the debt, London now plays host at the Hayward Gallery to The Art of Ancient Mexico, a selection of the very finest Mexican art. The earliest exhibits date from ten centuries before Christ, but there is nothing sealed-off about this survey. Most of the assembled images have an immediate and irresistible appeal.

Not that these objects were produced as "art" in the modern sense. They were intended to perform ritualistic roles, enhancing the religious ceremonies at the centre of pre-Hispanic life. Although the show coincides with the Columbus Quintenary, it celebrates a civilisation which had nothing to do with the culture imposed on Mexico by the brutal Spanish conquest.

One of the most outstanding exhibits is closely related to the so-called *Chac Mool* that inspired Moore. But this reclining figure, caught so arrestingly between straining vigilance and repose, was probably connected with the cult of the sun. The receptacle clasped in his raised hands once held the hearts of sacrificial victims, offered to the sun-god from an altar.

No exhibition, of course, can hope to convey the grandeur of the surroundings such images once inhabited. A handsomely-mounted slide-show in the final room gives tantalising glimpses of the palaces, pyramids and shrines which still testify to the pre-Columbian genius for architectural magnificence. The Hayward's designer has succeeded in evoking the spirit of the places without resorting to theatricality.

At the beginning of the survey, six erect figures stand on tall plinths in a space as vast as the hall of an ancient temple. We walk past them on a steeply sloping ramp, conscious of the carvings' utter stillness and impassivity. One statue, representing a priest associated with both death and eroticism, sports a skull on the front of his conical cap. Although a heart-shaped form juts from his stomach, he looks grim and implacable. But no more so than Chicomecail, the

goddess of fertility nearby. She gazes out as severely as the priest, and the elaborate, piled-up headdress rests on her as heavily as a building.

Looking at this stern, potent presence, we become acutely aware of the stone block from which she was hewn. The goddess must have performed a load-bearing function, helping to support the temple she once occupied with such poise.

If everything on view were as sober as these undemonstrative figures, the show would be an austere experience. But further exploration yields an astonishing variety of poses and moods. At first glance, the full-length carving of Ehecatl, the god of wind, appears serene enough. But then we notice the hands, half-raised in expectant gestures. This deity is active, and the bizarre mask projecting from his mouth gives him an unexpectedly surreal quality.

Judging by traces of red pigment, the mask would originally have stood out even more startlingly from the rest of the discreet, grey-stone figure. Shaped in the form of a bird's beak, which identifies the "maker of wind", this weird appendage seems ready to blow destruction through its opening.

Part of this statue's peculiar power stems from the normality of its bodily

proportions. Apart from the duck-bill mask, the figure is the most classically constructed of all Mexican carvings. But in the spacious show-cases where so many of the smaller objects are displayed, a far more unruly spirit prevails. Released from the need to make monumental sculpture as dignified as possible, the makers of these delightful figurines gave way to abandon.

The playful side of the Mexican temperament is most evident in the uninhibited animal pieces. A kneeling monkey holds his upturned head as if to prevent it from falling off. An exuberant final spiral into the shape of a small waving in the air. Many of these seemingly simple images contain a complex web of meanings.

Take the carving of a hunchback, the most arresting example of the Mexican capacity for realism. Both the swollen spine and the projecting thorax are handled with painful conviction, while the hunchback's face is defined with an almost patronising lack of sympathy. But the single strand of hair hanging from the back of his head denotes a triumphant warrior: a mark of virile distinction in Mexican society.

Hunchbacks were venerated for their connection with a deity called Nanahuatzin, translatable as Little Tumour. Despite his deformity and a

sore-covered skin, this redoubtable figure built the vast Pyramid of the Sun in Teotihuacan before throwing himself into a fire and, according to legend, becoming the star king.

In the end, though, the most affecting Mexican images come from funerary offerings found in tombs. One clay figure of a woman is modelled with a near-oriental delicacy. Resting both hands on her stomach, as if to celebrate her fertility, the almond-eyed nude smiles with beatific contentment.

She was surely meant to soothe the dead soul's journey beyond the grave, whereas the ceremonial mask found in a Mayan tomb probably acted as a reminder of the corpse's face. Rich jade mosaic helps to stylise the features, and the petalled ear-pieces give the image a decorative flamboyance. But the realism of the fleshy nose and full-lipped mouth suggests a faithful portrait, made still more compelling by the dark, obsidian pupils set within white-stucco eyes.

In front of this uncanny human effigy, which might have been made as early as 250 AD, the centuries drop away. The transfixed gaze banishes antique remoteness, bringing us into a direct, challenging confrontation with the here and now.

● The Art of Ancient Mexico continues at the Hayward Gallery (071-423 3144) until December 6. Daily 10am-6pm, and until 8pm on Tues and Wed. Admission £5 (£3.50 Mon).

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# 'Someone, Lamont, has to pay'

Alice Thomson reports on the mood now in a "political barometer" which voted Conservative in the last election

The people of Mitcham and Morden are confused. On Wednesday, the day when the fundamental tenet of government economic policy over the last two years — the maintenance at all costs of the pound's parity within the ERM — was abandoned, it was clear that the citizens of this south London constituency had no understanding of why the government had pursued its policy and no appreciation of the implications of change. Why should they? they said, no one else knows what is going on either.

Like its more famous sibling, Basildon, Mitcham and Morden is regarded by all parties as a barometer of political opinion. The seat was created in 1974 and was a marginal Labour constituency until 1982, when the Falklands factor helped to give it to the Conservatives in a by-election.

The constituency has none of the rambling houses of neighbouring Wimbledon or the tower blocks of Streatham. The people are solidly middle class. They commute into central London or Croydon during the week and enjoy the local golf courses and back gardens at the weekend. There is a growing ethnic population and a couple of 1950s housing estates.

The 1980s did them proud: the council is the only big employer and most of the jobs came from flourishing small businesses and businesses. But by the April 1992 election unemployment in the area had risen to 10.8 per cent, crime had escalated and many of the frillier shops had closed. People still said they would vote Conservative, however, and Angela Rumbold was returned — just. Most Conservative voters in the constituency now say their vote had been swayed by their concern at how Labour would handle the economy. They thought that what-

ever happened the economy would slowly start to turn and the Conservatives would be the best helmets for the job.

Now they are deeply confused. In the last three months unemployment has gone up to 11.4 per cent, another 400 small businesses have gone into receivership and the property market has stagnated so long that it has begun to smelt.

Mitcham and Morden is dissatisfied with the government but equally disengaged by Labour's policies and totally bored by economic equations. The government may be worrying about how to keep this an economic rather than political crisis, but if there was an election tomorrow

the people of Mitcham and Morden would rather be on the golf course than at the ballot box.

"Where is John Smith? He is meant to be providing us with a ready packaged alternative," said Jane Somerville, who had just picked up her children from the primary school in Mitcham (she wanted to send them to private school). "I have always voted Conservative but so much has happened since the last election I have almost forgotten why."

On London Road Iris Clark was polishing the light bulbs in the shop she has owned for 20 years, the Domestic Electric Disco Centre. "They are getting rid of all small shops. Soon we will just be one shopping mall, small shops can't survive any more," she told her clients. Mrs Clark is trying to sell her shop and retire. "It's all very well joining the Europeans. I've nothing against them, I'm Hungarian myself," she said. "But we should be getting the same benefits as them. My friends in Ireland are getting £30 more than I will in my old age pension and Ireland is meant to be a poor country."

Mrs Clark voted Labour at the



Paul Truman, estate agent negotiator: "Last time I voted Conservative with my parents but I won't do it again if Lamont is still there. I hope the French vote 'no'."

last election but says both the major parties are abysmal: "Britain is dying. If this was any other country we would be sending over food parcels and humanitarian aid, but in Britain it is OK for us to suffer as long as we don't make a noise."

A man came in looking for a heater for his fish tank, which Mrs Clark miraculously provided. He had a more robust view of Britain. "We lost it in the second world war," Jeremy Pearson said. "It's not Britain's fault, the Germans and French have been trying to get back at us for years. French farmers, German bankers, now those speculators. At least Mrs Thatcher was strong enough to cope. Mr Major is a wimp."

The conversation turned to the monarchy. "At least the Queen doesn't have to pay a mortgage," Mrs Clark said and laughed. Arnette Schüsser, 28, the manager

of The Travel Shop in Mitcham, has got a mortgage and since her boyfriend left she has been forced to pay it on her own.

"The only thing that interests me at the moment is the interest rate," she said. "I can live on baked beans, but if interest rates go up I'll have to work seven days and nights a week just to survive."

Ms Schüsser's father is Swiss and she is thinking of moving to Switzerland. "My cousin there is only 20 and he has his own flat, two cars and goes on holiday abroad three times a year. And he only works for the railways."

There used to be five garages down the London Road. Now there are two. "I don't let myself think about the economy. All my energy is spent trying to shift cars," said Neil Glasser from Performance Cars. "I never vote for the same reason. Everyone is belly-aching

about recession, but it really sorts out the workers. I work 9 to 9 while some of these dealers go home at five and want a six-week holiday."

Further down the street Kevin Forkan, the managing director of Groupate Cars Mitcham, had to leave at 5pm to pick his daughter up from Brownies but said there wouldn't be any business if he stayed on anyway. Four of his neighbours have recently gone bankrupt. "There is only the Conservative headquarters and the garages left along this stretch of road," he said. He voted Labour but was initially relieved when the Conservatives got in "because people bought cars for a month". Now he would vote Labour again.

"We need to put money back into building projects and get the government to employ more brickies.

They always spend a lot." He wants Labour to come out against the rest of Europe and the Japanese. "There is already too much foreign trade. We've got no work for our young men. What is going to happen to them?" he said. As I walked out of the shop, he shouted: "Do you understand why it is so wicked to devalue?"

Many of the young of Mitcham and Morden appear cynical. Katie Allen, 18, who is training to be a hairdresser, said: "I don't understand politics and I don't want to have any responsibility when things go wrong. But there must be more to life than just finance. What about the environment and AIDS? You never hear about the minister for social affairs."

Paul Truman, 20, is following the markets more carefully. He is a sales negotiator for Ellisons estate agent in Morden and does not

think anyone will want to view houses until Monday. "Last time I voted Conservative with my parents but I won't do it again if Lamont is still there. Someone has to pay," he said. "I hope the French vote 'no', because then we can get back to normal."

At Barclays Bank in Mitcham, the manager, Stuart Crowther, said it had been a quiet week. But the local Conservative office had had several calls. Small businesses are the most concerned. "Most have not borrowed heavily but they are worried about the future," said Oliver Colville, the agent. "Other European countries are having problems but the British are inherent worriers. They don't know what Maastricht or the French votes are about: they are still worrying. But we have had just as many telephone calls about bringing football back to mainstream television."

The Times, with United Airlines, offers readers Gateway to the USA

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Full details of how to apply will appear tomorrow.



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Readers of The Times who want to travel to the USA before February 1993 have a unique opportunity to cross the Atlantic in luxury with two free United Airlines seat class upgrades. You can choose to upgrade either from Full Fare Economy to Connoisseur Class, or from Connoisseur Class to First Class, with savings of up to £2,000 at current prices.

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To take advantage of this exclusive offer, simply collect the 12 special tokens that will be printed in The Times until September 26 and book your transatlantic flight with United Airlines before February 1993. You will find your fifth token at the foot of this page. Details of how to claim your two free upgrades will appear in The Times on Saturday, September 26.

### Testing your timings

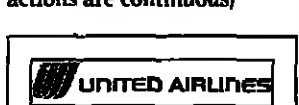
Our week one Gateway to the USA competition offers you the chance to win one of 30 pairs of transatlantic return tickets to the United Airlines US destination of your choice, including five first prizes of two seats in Connoisseur Class.

HOW TO ENTER Each day this week we have set you a brain-teaser constructed around a hypothetical United Airlines traveller. Make a note of all your answers throughout the week and complete the entry form that will be printed in The Times this Saturday, September 19, along with full entry details.

QUESTION 5 A passenger boards a Washington bound United Airlines 747-200 (Flight UA919). The flight takes off from Heathrow at 11.55 (assume GMT) and arrives in Washington at 14.50 local time. After a 45 minute transfer period, he continues his journey to Denver and touches down 3 hours

and 40 minutes later where he then meets a friend for a drink at the airport. One hour and 13 minutes after landing at Denver, our passenger flies to his home in Oklahoma City landing 1 hour and 10 minutes after take off. The next day, 13 and a half hours on, he telephones his friend in Denver to arrange a holiday weekend. His friend's wife takes the call and says that her husband is expected home in 1 hour. If this is the case and his friend returns his call 5 minutes after arriving home at what Denver time will his friend be calling to the nearest minute?

(Washington is 5 hours behind GMT, Oklahoma City is 6 hours behind GMT and Denver is 7 hours behind GMT. Please use the 24 hour clock and assume that all actions are continuous)



### Arid history

PHOENIX, the capital of Arizona, is the gateway to the joys of the desert. This sprawling city is built on the site of ancient Indian villages, whose inhabitants were the pioneers of irrigation in the desert. It got its name in the 19th century, when the settlers prophesied it would rise up again like the bird of legend — which happened when the Roosevelt Dam was opened in 1911, harnessing the Salt River to the north of the city.

Now it is a very prosperous high-tech and business centre, and a jump-off spot for adventurous tourists. You can take trips out into the spectacular Arizona desert by jeep. The Navajo Indian Reservation is not far away: here among the red sandstone canyons there are signs of Indian life going back for 1,500 years. Beyond it lies the Petrified Forest, with its fossilised trees: it is a crime to remove the wood within the



Miles deep and yards wide

bounds of the National Park, but there are other petrified trees outside it from which polished wood souvenirs are made.

The main goal for tourists out of Phoenix is the Grand Canyon. It is best to book for an overnight stay (ring the Park Lodges from Phoenix), because sunset and sunrise over the desert are what you should be seeing.

The Grand Canyon itself is a tremendous gorge through which the River Colorado flows, thousands of feet below. In some places it is as little as five yards wide at the top and the different rock strata stand out like steps on its sides.

Glasgow has witnessed a series of assaults on, and blackmailing of, homosexuals, organised by a ring of criminals using rent boys as bait. The boys, in their teens, are often victims themselves, runaways looking for food or shelter. A year ago Brian McKenna, aged 36, a declared homosexual, set up the Glasgow City Liaison Group to help both the blackmailed and the boys.

The group is a counselling service for homosexual men threatened either with exposure or, more usually, with violence unless they pay the blackmailer off. It also finds shelter for the rent boys in an attempt to keep them from the grip of the gangs.

About 45 per cent of the 2,500 calls Mr McKenna's group has received have come, he says, from professional men in positions of responsibility.

Last week, he says, he had a call from a senior member of the legal profession in Edinburgh, a city awash with allegations of homosexuality in high places. An increasing number of calls come from south of the border — Blackpool, Newcastle, Manchester and Eastbourne.

Mr McKenna is negotiating with Glasgow District Council for offices to replace his two-bedroomed flat as the group's headquarters. The group of eight full-time unpaid counsellors, including a former policeman, operates 24 hours a day, seven days a week. If they arrange to meet anyone, the counsellors always go in pairs for their own safety and reputation, and to safeguard the reputation of those they visit.

Although mainly providing advice, the group has established confidential links with Strathclyde police. "If someone comes to us we can take the facts anonymously to the police for an opinion, but only if the person wants us to," Mr

## Gays fight the gangs

A Glasgow homosexual refused to be blackmailed — and started a support group with clout

McKenna says. "Only three people, including a policeman, will be privy to the facts."

More often than not the victim, faced with the prospect of giving evidence in open court, decides to take his case no further. And it may not be possible to corroborate an assault or attempted extortion as the Scots law of evidence is stricter than the English.

But the very fact that Mr McKenna's group is known to have the ear of the police can act as a deterrent to further blackmail, says Mr McKenna, who himself paid more than £8,000 before reporting that he was being blackmailed to the police and then had his life threatened. An arson attempt

made on his home and last food business and his car smashed after he made a public stand.

"We will sit up all night for the victim, waiting for the knock," Mr McKenna says. "When it comes we answer the door, say who we are and ask their business. They run away. We know who they are." But he insists there is no place for vigilantism. "That way you are no better than the blackmailers."

According to Mr McKenna, there are ways for a victim who decides to go ahead with court action in Scotland to minimise the chances of exposure in the

that a victim be named only as Mr X in open court.

But a senior Strathclyde police officer explains: "Ultimately it is up to the court and different procurators fiscal may handle cases differently."

Most of Mr McKenna's group's work is confined to advice and listening. "We are not promoting homosexuality," he says. "We try to provide tender loving care, not sexual loving care."

On Tuesday he believed he was on the brink of a breakthrough. A rent boy involved in a blackmailing ring had come to the group in desperation and agreed to talk to police in confidence. "Nothing may come of it," Mr McKenna says. "But the fact he is willing to talk is a start."

ALASTAIR ROBERTSON

### Has feminism failed?

Tickets for the debate on women, chaired by Melvyn Bragg on October 6 at the Institute of Education, Bedford Way, London (7.30pm), can be obtained by returning the coupon below. The speakers will be Neil Lyndon, seconded by Kenneth Minogue, with Yvonne Roberts, seconded by Beatrix Campbell, in opposition

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### TOMORROW

"We seem oblivious of our great heritage of public parks, which are now seriously under threat."

Sir Roy Strong in Weekend Times



# Saying prostate out loud

More men know about the function of the ovary than they do the position, purpose — and possible complaints — of their own prostate gland. Liz Gill clears some of the clouds of ignorance and embarrassment

When François Mitterrand, the French president, went into hospital a few days ago for an operation on his prostate gland he was sharing an experience common to 30,000 Britons every year, as well as at least one of his predecessors — Charles de Gaulle — and Ronald Reagan and Lord Wilson.

Yet despite its prevalence, prostate disease is still surrounded by ignorance and either concealed altogether — details of M. Mitterrand's operation were released only after rumours started to spread that he was dying — or referred to euphemistically as "a spot of trouble with the waterworks".

As Clive Gingell, consultant urologist at Southmead Hospital in Bristol, says: "People seem to know almost nothing about it. I even had the proofs of an article returned to me recently with prostate corrected to 'prostate'." Not only do we not know where it is or what it does, we don't even know how to spell it.

"The symptoms can be very embarrassing, but sometimes men think they are just a normal part of aging, and adjust their lives accordingly. The trouble is that as the years go by and the symptoms

worsen they have to make more and more adjustments. They really become slaves to their bladders. It's only after they've had treatment that they realise just how bad it had become. It can be very rewarding to treat because patients are often like new men afterwards."

Mr Gingell was one of the speakers at yesterday's launch of Better Prostate Health, a campaign aimed at raising public awareness of the gland which lies at the base of the male bladder, surrounding the urethra, and which produces fluid to help transport and nourish sperm. With a grant from the pharmaceutical company Merck Sharp and Dohme, the campaign organisers plan to distribute posters and leaflets to health centres and chemists. They have also produced a video and set up a telephone information line with Hilary Jones, the GP who broadcasts on medical matters for TV-am.

"I feel it's time we focused more attention on men's health," Dr Jones says. "A recent Mori poll found that men know less about their own bodies than they do about women's. For instance, 87 per cent of men know the function of the ovary. But only 32 per cent know about the prostate gland."

"At the same time men are very reluctant to visit their doctor. But although the campaign is about

men's health we know that educating women is just as important. It's the men's wives or partners who often finally succeed in encouraging a visit to the GP for help."

The most common condition is benign prostatic hyperplasia (BPH), which could affect up to 2.4 million men in the UK, or one in three aged between 50 and 79, according to a study carried out in Stirling by Edinburgh University. The study also found a wide disparity between the number of men troubled by symptoms and those who actually consulted a doctor. Even those who did seek help had frequently had the symptoms for a year or more.

In BPH the prostate — normally the size of a chestnut — enlarges, sometimes to the size of an orange, gradually narrowing the urethra, the channel through which urine passes to the outside, and leading to difficulties in urinating. Symptoms include impairment of the size and force of the urinary stream; difficulty in starting; interruption of the stream and dribbling afterwards; a frequent need to urinate; a feeling of urgency; a sensation that the bladder has not been emptied.

The symptoms tend to be troublesome rather than painful unless the enlargement is so severe as to lead to urinary retention — an inability to pass water at all — which is what led to M. Mitterrand being rushed to hospital.

Roger Kirby, consultant urologist at St Bartholomew's Hospital in London and author of a book on BPH out next month, says "A lot of men do let it get to this stage. We still get five or six such cases a week."

"Bladder disturbances can really affect quality of life. Sufferers can be obsessed, they become expert in toilet logistics and become panicky if there isn't one nearby. You hear wives say their husbands cannot drive for more than an hour or they have to keep getting up in the night and disturbing them. Yet the men are often afraid to seek help because they are embarrassed or worried about the stigma of incontinence. Or they think they've got cancer or they are worried that they'll have to have an operation."

In fact, although the trans-urethral prostatectomy (removal of the prostate gland through the urethra) is still a common procedure, there is increasing interest in medical and other alternatives. Drug treatment may use alpha blockers which relax the smooth muscles in the gland, or Proscar, which shrinks it. Mr Kirby often uses both in combination as an alternative to or a way of postponing surgery. However, alpha



President in the news: François Mitterrand's prostate problem is shared by thousands of men

blockers are not suitable for men with low blood pressure as they can cause fainting. Other alternatives include stretching the urethra by inflating a balloon-like device inside it, although this is not considered very successful in most cases; or inserting metal "stents", or springs, into the urethra to hold it open (the drawback here is that they encourage the formation of stones); heating the gland with hyperthermia, using microwave energy to kill the portion of the prostate immediately adjacent to the urethra (the process is expensive, with machines costing up to £400,000); or using lasers to vaporise or shrink the gland.

"There is a lot of enthusiasm for and interest in these alternatives because the problem is such a common one that patients do not want surgery if it can be avoided," Mr Kirby says. "What you get, though, depends on where you live — whether you are near a big teaching hospital for instance — or whether you can go private: they are keen to try these new things. At the same time the risk-benefit ratio of these new treatments still needs careful evaluation."

Surgery usually involves the removal of about a third of the prostate in a procedure where a

cutting loop is pushed down the urethra and the enlarged tissue pared away and washed out. The risk of dying from the operation within 90 days is about 1.5 per cent, mainly because, Mr Kirby says, it is performed on a lot of very elderly men who often have other diseases as well.

The other drawback is that surgery interferes with the neck of the bladder, rendering it incapable of shutting off during ejaculation. The likely result is that the patient will suffer retrograde ejaculation afterwards when sperm remain within the bladder instead of leaving the penis. However, the ability to have an erection is not usually lost, nor the sensations of orgasm, although fertility is likely to be substantially impaired. "You get occasional cases of impotence," Mr Kirby says, "although this is more likely to be psychological rather than physical."

Tissue that is removed during the operation is checked for signs of malignancy, which are found in about 10 per cent of cases — as they have been in M. Mitterrand's.

Prostate cancer is the second most common cancer among men in this country and claims about

8,000 lives a year. Treatment is either palliative, or involves radiation, drug therapy or surgery; a radical prostatectomy involves the removal of the whole gland. "It is a big operation which means impotence and infertility and would really only be countenanced to save the life of a young man with a localised cancer," Mr Kirby says.

As tumours require supplies of the male hormone to sustain them, sufferers are sometimes given chemical or physical castration. Nobody knows what causes prostate disease, which seems to be slightly on the increase — although this may be due to increased longevity. Environmental and lifestyle factors may play a part.

At the moment there is much debate, particularly in America, over the value of screening: earlier discovery increases the likelihood of cure. "Prostate cancer is very unusual in men under 50," Mr Kirby says, "but quite common in the over-sixties. A man of 60 will not consider himself old, and he may well expect to live another 15 years or so, but screening involves blood tests and rectal examinations and would cost time and money."

● Better Prostate Health, PO Box 200, Bradford, West Yorkshire, BD7 2NP (helpline 0891-667733).

## Learning to love yourself

Almost half of Britain's households will soon consist of people on their own. How will they handle the years of solitude?

One of the most sensitive measures of positive mental health is how constructively people use their solitude. With six million people in Britain now living alone, twice as many as 30 years ago, solitude is in greater supply than ever before. But little is known about how well people handle it.

By the end of the century four out of ten households will be single people or solo parents, according to a survey published this week. Fewer than a third of them confess to being lonely. Yet the capacity to live alone has to be learnt, according to psychologists. Can we suppose that the remaining two thirds have learnt it so successfully that their solitude has become a source of happiness, even of fulfilment?

Many people who live alone do so for negative reasons — to escape warring parents, intrusive friends or demanding spouses.

But one of the great cultural myths of our time, according to Eric Midwinter, a former director of the Centre for Policy on Ageing, is that "the trade winds of family life are automatically so preferred to the doldrums of living alone". Many people prefer living alone, even if it means loneliness, to the "corrosive horrors" of the extended family.

Having a stable partnership is, in any case, no guarantee against loneliness. Research shows that as a buffer against adversity, support from a partner may be less important in adulthood than support from friends. Men benefit more from marriage than women, and while bereavement may bring sadness, it may also be an occasion for liberation.

The best guide to loneliness is not the range of a person's social circle but his or her income. Among older people, almost half those on lower incomes say they often or occasionally feel lonely, compared with only 18 per cent on higher incomes. Half those on lower incomes say they have enough company, compared with more than eight out of ten on higher incomes. Money brings status and freedom of choice. Loneliness is associated with narrowed options and a sense of loss.

There are many ways of living alone. Researchers from the University of Geneva have identified six means of adapting to solitude based on interviews with widows. The tormented (18 per cent of the sample) are crushed by loneliness and depression even though they have the support of friends and relatives, and the isolated (22 per cent) may go for several days without seeing anyone.

Better adjusted than these were

the misanthropes (9 per cent), who said things like "the less I see of my friends, the better I feel", and the busy (15 per cent) who found the answer to solitude by filling their day with appointments. Most successful of all were the "at peace" (12 per cent) who "found tranquillity after a lifetime of struggle", and the "stable, well adjusted" who are described as having a naturally harmonious temperament and have overcome solitude with "courage, good sense and optimism".

David Weeks, the principal clinical psychologist at the Royal Edinburgh Hospital, who presented these findings at a London conference this week, said their weakness was that they assumed personality was immutable. "Many of us may respond in any of these ways, depending on the situation and how we choose to react to adversity," Dr Weeks says.



Alone, but unhappiness is not inevitable

Much loneliness is the result of people making harsh judgments about their own lack of social skills, which then inhibit their efforts to communicate and increase their sense of isolation. They tend to downplay other people's inadequacies while exaggerating their own.

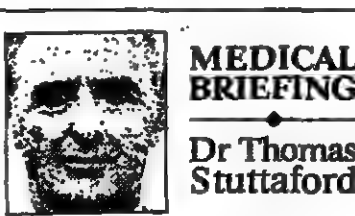
Research shows that moving old people who have lost family and friends to residential care or sheltered housing often fails to overcome their loneliness. "The most important issue for policy makers is when the move to residential care should be made on account of loneliness," Professor Anthea Tinker, of the Age Concern Institute of Gerontology, says. "We may have to look for solutions within ourselves, how to keep our friendships in good repair, how to continue to enjoy life and how to be ourselves on our own."

JEREMY LAURANCE

SO IMPORTANT is the early detection of cancer of the breast that few patients are aware of the causes of benign breast disease, or its treatment: yet the overwhelming majority of patients who consult their GPs with breast symptoms will not be suffering from cancer. Professor Robert Mansel of the University of Manchester, writing in a recent edition of the magazine *The Practitioner*, states that one third who consult their doctor about their breasts will have a palpable lump, and a half will have pain; and, contrary to a dangerous popular myth, a painful breast is not always benign and the first sign of breast cancer can be, and often is, pain. The initial, and most important, task of the patient's doctor is to exclude cancer as a cause of the symptoms, whatever the age group of the patient. Fortunately, cancer of the breast is exceedingly rare in the under-30s

## Treating breast pain

but becomes progressively more likely in the older age groups; even so, it is still comparatively common for doctors to be consulted by older post-menopausal women who have been reassured that a newly discovered lump is a cyst or a patch of fibroadenosis. Benign breast disease is comparatively rare in post-menopausal women, or in any case those not preserving their youth with HRT, and therefore, as Professor Mansel advises, a woman of this age who has any lump needs urgent specialised investigation. Doctors, when discussing breast disease, as well as instigating investigations and providing reassurance, can also talk about prevention. Evidence is



MEDICAL BRIEFING  
Dr Thomas Stuttford

hardening that diet may play some part, and Dr Baghurst of the Division of Human Nutrition, Adelaide, quoted research to a conference this week to show the value of a high fibre diet.

Nodular, lumpy, breasts which tend to be painful, often at period times, have to be distinguished from a breast which has an isolated

lump, with a well defined border, within it. Even in a nodular breast, any well-defined lump is important and needs to be shown to a doctor.

Breast pain in benign breast disease is probably due to changes of sensitivity of the breast to circulating hormones, and not to actual changes in the level of these hormones. Women can be reassured that there is no evidence that painful breasts are a sign of neoplasia (although people's pain thresholds do vary, or to water retention; therefore tranquilisers or diuretics are not helpful).

Painful breasts can be related to HRT or contraception and appropriate changes in the regime may

alleviate the problem. Three groups of drugs will help breast pain in 75 per cent of cases. Evening Primrose is the safest, but even so a few patients, less than 10 per cent, may find that it slightly upsets their tummy but it is otherwise free of side-effects. Its use is associated with one problem: patience is needed as it takes time, up to three or four months, to act.

The other two groups of drugs which are used for breast pain are the more powerful Bromocriptine and Danazol. Both have side effects. Bromocriptine, which reduces the level of the breast-stimulating maturity hormone, prolactin, can give rise to headaches, nausea or constipation; and Danazol, a synthetic hormone, causes some masculinisation, a coarsened oily skin, increase in hairiness, deepened voice and menstrual irregularity, as well as occasional gastro-intestinal upsets.

## Cold comfort for drinkers

A HEAVY night's drinking followed by chilling sweats in the early hours is enough to lower most people's resistance to the common cold, which is all too often the price paid for the extra brandy, or two. But for the moderate drinker, the enervated man or woman who sticks to their two glasses of wine, pint of beer or two tots of spirits, there is better news. These drinkers will, it seems, not only be less likely to suffer coronary heart disease, but there is also evidence that they may escape the common cold.

Mims Magazine reports that one of the last pieces of research from the common cold unit at Salisbury shows that moderate drinking halves the number of colds which the modest tippler can expect to catch. David Tyrrell, the former director of the unit, gave this good news to the annual meeting to the British Society for Allergy and Clinical Immunology in Southampton recently. He added one caveat: it seems that smokers, however little they smoke, lose this advantage and pick up infections as readily as non-drinkers.

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## Sport is easy, when you don't think too hard

THE exclusion of David Gower from the touring party to India has surprised even those of us whose only experience of cricket has been from the tail end of the batting order in a Norfolk village cricket side. But we, who failed to score against Hurnworth or Edgely, should be reassured that maybe it was not our fault that we haven't Gower's skills; it's just the way our brains work.

It seems that a games player's ability may be partly determined by

his brainwaves, and if only we had had increased temporal lead alpha activity before we went to the crease, we too, could have hit the rival village's demon fast bowler for six. David Collins, it is reported in *General Practitioner*, told the British Association annual meeting that pre-performance EEGs, the record of the pattern of the brainwaves, showed that the good games players had an increase in alpha wave activity before they took part in their sport, and this increase

in activity was related to the difficulty of the task ahead. The changes may represent an increased level of concentration.

Those who had sluggish pre-performance alpha wave activity, or increased beta wave activity, were the "thinkers", and they would soon be back in the pavilion, dreaming of their books. Dr Collins, it seems, thinks that too much thinking may interfere with performance. The time for thinking is well before the game.

## "MY DAUGHTER'S ASTHMA HAS IMPROVED UNBELIEVABLY"

House Dust Mites are a major cause of asthma. They live in everyone's home (especially in and around beds) and, for many people, the powerful allergens they produce bring on asthma attacks. When Mrs P. discovered her daughter's asthma was caused by an allergy to House Dust Mites, she used Actomite - the results were remarkable.

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## Shares soar as pound tumbles against the mark

By COLIN NARBROUGH  
AND MICHAEL CLARK

THE complete reversal of Wednesday's aggressive rise in base rate, plus Britain's exit from the exchange-rate mechanism, sent share prices soaring, but pushed the pound to an all-time low against the mark.

The FTSE-100 index of leading shares, buoyed by the prospect of interest rate policy better suited to economic recovery, jumped 105.6 to close at 2,483.9. The surge, which added £21.7 billion to share values, was the biggest one-day rise since April 10, — the day after the general election.

However, the early signal from the Bank of England, that another 2 percentage points were being cut to return base rate to

Tuesday's 10 per cent, took away the last of the defences put up to hold sterling in the ERM parity grid. The Bundesbank yesterday left its lending rates unchanged.

The return of base rate to 10 per cent less than a day after its rise to 15 per cent whetted the money market's appetite for further easing. Although a rumour circulated that a cut to 8 per cent was imminent, the key three-month interbank lending rate ended consistent with current base rate. But shorter dates were suggesting 8.5 per cent base rate around the time of the Conservative party conference next month.

The pound opened at DM2.6441, down more than 13 pence from its previous official London close following the wild gyrations of government policy and currency

market sentiment on Wednesday. At last night's official close, sterling stood at a record low of DM2.6323, well below the previous worst of DM2.7125 of March 1990. Sterling retreated steeply overnight on Wednesday against the dollar too, shedding more than 10.5 cents. But the dollar started to ease against the European currencies yesterday, allowing to pound to claw back more than 3.5 cents to finish at \$1.7750. The pound's trade-weighted index, which had tumbled 4.2 overnight to 86.3, also nudged ahead fractionally to edged ahead to close at 86.4.

Assurances from Norman Lamont, the Chancellor, that sterling's withdrawal from the ERM was only temporary, failed to persuade City economists that re-entry will

come soon. Paul Chertkow, head of global currency strategy at UBS-Phillips & Drew, said it would be folly to seek an early return to the system given that what Britain needed now was interest rates more appropriate to the poor state of the economy.

Looking ahead, currency analysts see further weakening against the mark. Mr Chertkow expects DM2.55 in three months' time, despite the 10 per cent fall in the value of sterling against its DM2.95 ERM central rate since Wednesday. Yesterday's lows took sterling close to DM2.60.

Talk of the pound rejoining the ERM, which matched similar pledges about Italy, appeared to undermine sentiment for the pound. The government's commitment to rejoin ERM "as soon as conditions will

allow" was widely regarded as too open-ended to signify much, although some analysts believe re-entry could come soon after the French referendum as part of a general realignment of the ERM.

In the stock market, turnover soared to a massive 1.36 billion shares as market-makers vied for stock in an attempt to build up their trading positions. Most of the business was centred on the big exporters and other leading shares, but in such volatile conditions even the market-makers are finding it difficult to make money. A number of leading firms have found it an expensive business to shut down their existing short positions.

Stock market, page 22

### TODAY IN BUSINESS

#### SHAKE-UP



**WE WUZ ROBBED!**

The Maxwell affair offers the chance for a one-off shake-up of the pensions system, argues David Blake. Page 23

#### FALLING

Repossessions by the Halifax fell 40 per cent in the first six months after government initiatives. Page 21

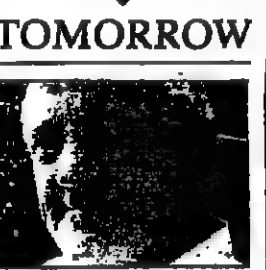
#### GROWING



The merged Reed International and Elsevier will be a new Anglo-Dutch giant to set beside Unilever and Royal Dutch Shell. Page 21

#### SURVIVING

Laporte is surviving in the troubled chemicals sector despite a £5.8 million profits downturn half way. Tempos, page 20



**TOMORROW**

A self-confessed loner and one-time angry young man, James Harun, has flown from the coop from his native Hampshire to run Scottish Nuclear.

## Markets keep up attack on ERM parities

By WOLFGANG MÜNCHAU, EUROPEAN BUSINESS CORRESPONDENT

THE future of the European exchange-rate mechanism hung in the balance yesterday as financial markets continued to savage ERM parities, pushing the franc, the Danish crown, the Irish punt and the peseta close to their trading floors within the system. Those currencies became the weakest after the exit of the pound and lira, and the devaluation of the peseta by 5 per cent early yesterday.

The continued turmoil in European currency markets came amid reports from Germany that the Bundesbank and other European central banks would not favour a hasty return of sterling or the lira back into the ERM, after their suspension by the EC's monetary committee.

It is widely believed in financial markets that the ERM is about to become a more narrowly based system of near-fixed exchange rates, linking a small number of hard currencies around the mark.

The Bundesbank refrained yesterday from making any further public pronouncements about sterling or ERM parities, but it appeared that the German central bank was in no mood to follow calls to bail out the ERM for the second time in a week. At its regular fortnightly council meeting yesterday morning, the Bundesbank left official

interest rates unchanged after Monday's much criticised decision to cut the lombard rate by a quarter point to 9.5 per cent. Earlier, there had been some expectation of a German rate cut, but a further German cut is now thought unlikely.

The cautious attitude by Germany and other ERM countries to the return of the two suspended currencies contrasted with the aspirations of the Italian government, which hoped to have the lira readmitted to the ERM by Tuesday next week. The British government said only that sterling would return "as soon as conditions allow".

The consensus among bankers and economists in Frankfurt is that sterling will not be allowed to return until the currency markets stabilise and the British economy starts to show definite signs of recovery. In the case of Italy, a speedy return of the lira is thought to be even less likely and would probably depend on the adoption by Italy of a tough economic austerity programme.

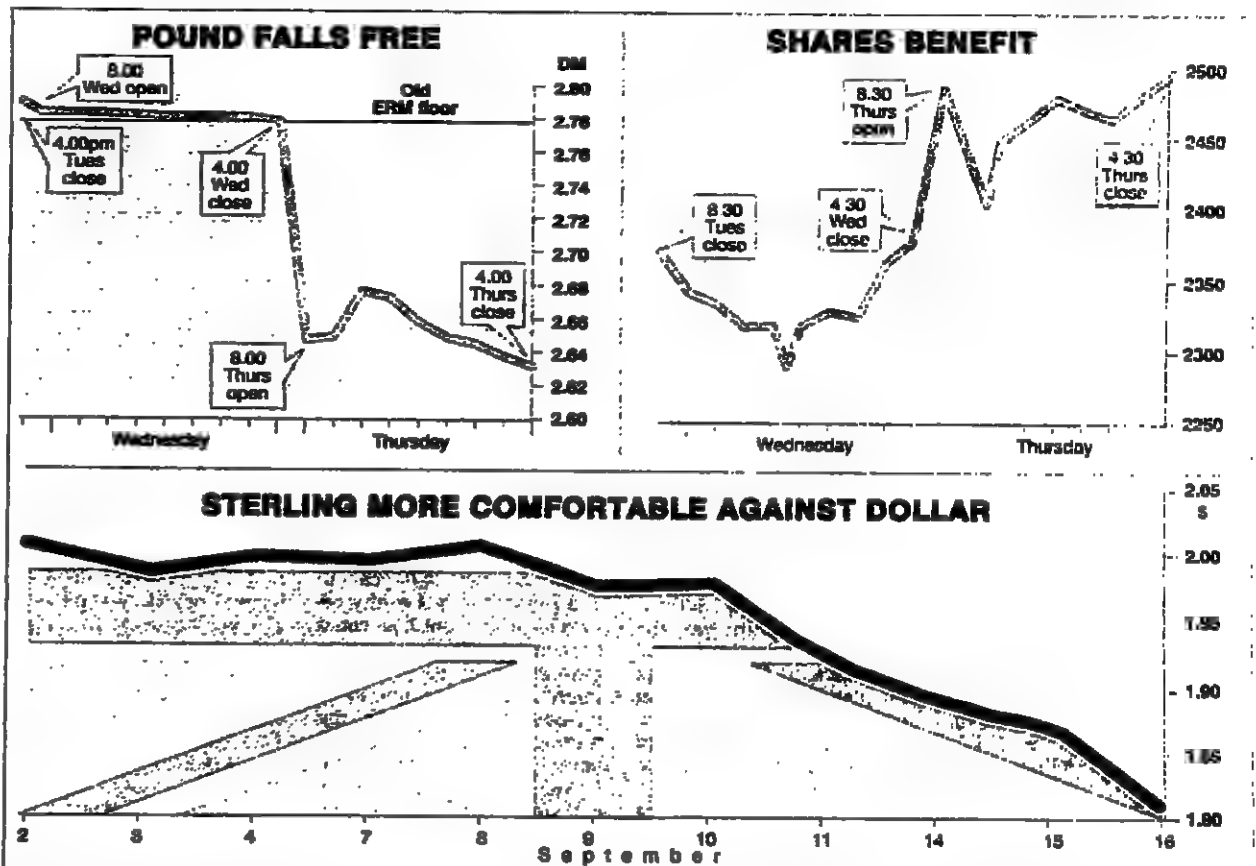
The continued attack on the ERM by the financial markets came despite pledges, some official, that the system was still alive and kicking. Theo Waigel, the German finance minister, said that "the EMS remains a central element of co-operation in currency policy and of further integration in Europe", while Michel

Camdessus, managing director of the International Monetary Fund, said in Washington that the ERM showed remarkable resilience.

Financial markets, however, were unimpressed by such pronouncements. The main target of yesterday's market nervousness was the franc, which fell against the mark from FF3.388 on Wednesday to about FF3.42, near its ERM trading floor. The weakness of the franc is entirely attributed to uncertainty over the French referendum on the Maastricht treaty on Sunday. Markets still cautiously discount the likelihood of a Yes vote, in which case the franc would appreciate. A Yes vote would be seen as a sign that the franc would join the mark and the Benelux currencies as the core of a first-tier ERM.

A No vote would be seen as exacerbating ERM strains, resulting in a flight into the currencies of the German economic block, including Austria, whose shilling is not an ERM member. Yesterday, the Danish crown was fixed at its floor of DM25.63 against 100 crowns. The Irish punt traded at its floor of DM2.619.

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Astute Kaletsky, page 14  
Simon Jenkins, page 14  
Leading article, page 15  
Comment, page 23



## Industry looks for further rate cut

By PATRICIA TEHAN

BRITISH industrial leaders have lost confidence in the government's handling of the economy after its about-turn over the exchange-rate mechanism and have called for further base rate cuts to follow yesterday's return to 10 per cent.

Neil Johnson, general secretary of the Engineering Employers Federation, said the government's decision to tie Britain into the ERM, sit back and wait for inflation to fall was "always a flawed strategy". Britain has been through "two years of angst and wasted time which should have been put to better use".

The Institute of Directors said the two-point cut in interest rates was not enough and called for another two-point cut before the pound rejoins the ERM. Janice Buck, its chief economist, said: "We do not need the continued pressing down of 10 per cent interest rates." Mr Johnson mirrored the IoD call. He welcomed the effective devaluation of the pound but urged the government to cut base rates further.

Sir Brian Hill, president of

the Building Employers Confederation, said: "The government has freed itself from the straitjacket of the ERM. The Chancellor should progressively reduce interest rates still further."

Howard Davies, director general of the CBI, said the interest rate reduction is welcome, but "it takes us back only to the position on Tuesday, which itself was unsatisfactory for business. There remains a need for concerted action at European level to reduce interest rates further to stimulate recovery and stabilise the system. It is clear too

that the process of decision-making within the ERM needs to be improved and that mutual confidence needs to be rebuilt before the system can operate effectively."

Ted Evans, national president of the Federation of Master Builders, said: "The life blood of my industry is all over the floor. We need a reduction in interest rates to give some momentum to the housing market."

Sir David Lees, chairman of GKN, said confidence in the government has taken a knock after four interest rate moves in 24 hours. The government

still needed to keep inflation down, stimulate the economy and provide stable lending and exchange rates.

Donald Anderson, chief economist at Courtaulds, said much of the company's sales were to dollar economies, "so the weak dollar has been difficult and translation of profits has been suffering".

Sir David Alliance, chairman of Coats Vyeila, welcomed the weaker pound which, he said, would make the British textiles industry more competitive and would be a benefit to Coats in its translation of overseas profits.

## Big day after the night before

By JON ASHWORTH

FOREIGN exchange dealers survived on adrenalin, coffee and sandwiches as currency markets entered a second day of frenzied trading. Wednesday was back. Thursday, if anything, was worse.

For all its drama, Wednesday saw trading volume rather than swings, as the Bank of England poured an estimated £10 billion of reserves into the money markets in a vain attempt to hold the pound against the mark. Dealers, on the line to pension funds, market-makers and private clients with a taste for playing the currency markets, switched huge amounts of cash from sterling into marks and dollars.

As the telephones began ringing yesterday morning, it emerged that investors who had switched out of pounds before Britain suspended its ERM membership were eager

to buy back in at lower rates, hoping to cash in on any upward swings. Spreads on currencies were wider and the range of quotations swung wildly, keeping dealers on their toes.

"It was hectic," said Rob Loevy, foreign exchange manager at Midland Bank, where some dealers had remained at their screens into the early hours of yesterday morning to follow developments in Brussels. "We saw a lot of selling of other European currencies as investors switched into marks. People are expecting Germany to do the decent thing and lower their rates."

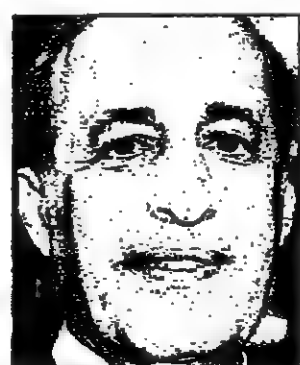
Andy Horn, a senior dealer at Barclays Global Foreign Exchange, said: "It was a frantic day. The prices being quoted were very wide. People who were short of sterling have taken profits. A wide

spread means prices tend to move a lot further, a lot faster."

Tales of fortunes lost and made swept dealing rooms. One securities house was abuzz with talk that a dealer who was not at work had lost £500,000. It transpired that he had flown off on holiday the previous night.

Events did not amuse the 21 or so UK banks which are obliged to advertise changes in base rates in three national newspapers. They have had to run advertisements on two consecutive days.

Wary dealers were due in for another early start today with the prospect of a hectic weekend ahead. After a brief respite tomorrow, many will trek back to their desks on Sunday evening, ready to monitor reaction to the French referendum on Maastricht through the night.



Alliance: profit boost

## Jobless total climbs to five-year peak

By ROSS TIEMAN  
AND COLIN NARBROUGH

THE number of jobless people claiming benefits rose by 71,541 last month, taking the total to a five-year peak of 2,845,508. After seasonal adjustments, the rise, at 47,000, was the biggest this year and nearly twice as high as economists expected.

Employment department officials were at a loss to explain the acceleration in the rate of job losses. The rise in the number of claimants had been slowing, albeit erratically, in the first half of the year.

Gillian Shephard, the employment secretary, was at an emergency cabinet meeting. But Michael Forsyth, the employment minister, said: "The UK economy is going through a difficult period, as is the world economy, and this is reflected in today's figures."

The 26th consecutive monthly rise in unemployment takes the jobless rate for the United Kingdom to 9.9 per cent after seasonal adjustments, against 9.8 per cent in June. The unemployment setback

was compounded by disappointing statistics on earnings growth and output. According to employment department figures, the underlying rise in the average earnings index in the year to July was 6 per cent. The statisticians have revised the June figure up to 6.4 per cent. The year-on-year rise in productivity is estimated to have fallen to 3.8 per cent in July from 4.4 per cent in June.

Output in manufacturing industry was unchanged in July, according to government data, confirming a disturbing flatness of production after indications of an upturn in manufacturing earlier this year.

The government had found comfort in signs that output was rising gradually, suggesting that manufacturers, not the debt-burdened consumer, would lead the economy out of its two-year recession.

Overall industrial output, including volatile oil and production data, showed a provisional, seasonally adjusted 1 per cent rise in July, boosted by a surge in energy output, after no change in June. Government statisticians estimate the trend for industrial production is now flat, after

indicating a small decline in June. Manufacturing output, seen as a safer guide to economic activity, was unchanged in July after a 0.2 per cent fall in June. But calculations by the Central Statistical Office suggest an underlying upward trend of 1 per cent a year. The latest three months, however, were flat compared with the previous quarter. That bears out evidence from the latest Confederation of British Industry survey, which reported worsening orders and output.

The gloom is compounded by regional analysis of the jobless figures. Earlier tentative signs of shrinking queue in some manufacturing regions, including the East Midlands, have disappeared. Unemployment rose in every region last month, with the biggest rises in London and the South East, the South West, the West Midlands, East Anglia, the North and Northern Ireland.

The jobless total for the South East is 868,600, with half of that number in London, where the rate is now 10.8 per cent, a level exceeded only in Northern Ireland and the North.

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### THE POUND

US dollar 1.7750 (-0.0717)  
German mark 2.6323 (-0.0461)  
Exchange index 86.4 (-4.1)  
Bank of England official close (4pm)

### STOCK MARKET

FT 30 share 1815.2 (+98.8)  
FT-SE 100 2483.9 (+105.6)  
New York Dow Jones 3323.27 (+4.06)\*  
Tokyo Nikkei Ave 1816.52 (+171.82)

### INTEREST RATES

London: Bank Base: 10%  
3-month interbank: 10.0%  
3-month eligible bills: 9.5-9.7%  
US: Prime Rate: 8%  
Federal Funds: 3.75%  
3-month Treasury Bills: 2.88-2.87%  
30-year bonds: 99'-99''

### CURRENCIES

London: New York  
£ \$1.7810  
£ DM2.6384  
£ Sfr2.3281  
£ FF9.0240  
£ Yen221.79  
£ Index: 86.4  
ECU: 10.751333  
ECU: 33.0967  
London Forex market close

### GOLD

London Fixing:  
AM \$350.75 PM \$348.40  
Close \$348.10-348.60  
£195.60-196.10  
New York:  
Comex \$ 348.65-349.15\*

### NORTH SEA OIL

Brent (Oct) \$20.45/bbl (\$20.60)

### RETAIL PRICES

RPI: 138.9 August (1987=100)  
\* Denotes midday trading price



## RMC falls for second year on UK recession

By JON ASHWORTH

THE sorry state of Britain's housing market has left RMC, the world's largest concrete maker, with half-time profits down for the second year running.

A collapse in British operating revenue was again largely blamed for the fall in pre-tax profits to £62.1 million in the six months to end-June. First-half profits crashed 36 per cent to £69.9 million last year. British operating profits tumbled from £51 million to £19.2 million last year, and fell to £8.8 million in the first half of 1992.

The British recession has hit RMC on two fronts. Lower demand for new homes means less ready-mixed concrete for foundations. In addition, Great Mills, its DIY chain, has been caught in a price war with B&Q and Do It All.

The continuing slump in British fortunes came despite efforts to reduce costs. Staff numbers have fallen from 14,500 to 11,500 since 1989, and RMC's fleet of concrete trucks has been cut from 1,250 to 950. But volume is down and margins remain weak. Production volume levels are expected to fall 8 per cent this year, on top of an 18 per cent drop in 1991, and operating margins are 2 per cent lower.

Jim Owen, managing director, said the British building services market was contracting and prices should reflect this. He gave a warning that UK margins are unlikely to improve in the second half, and the decline in production levels will probably worsen.

The bright spot is the German division, which lifted operating profits from £32.1 million to £40.5 million in the first half. In 1985, it was barely breaking even.

Group turnover increased to £1.4 billion (£1.28 billion), but earnings per share slipped to 12.1p (15.5p). The interim dividend is held at 6.6p.

ONE OF the good things about Guinness is that it has the capacity to soothe the spirits of its investors whenever life gets tough. Given the ability to generate cash — there was £120 million free cash flow in the first half — and the amount of earnings cover, the risk it took in handing shareholders a 10 per cent dividend increase yesterday, was negligible, but the action went some way towards compensating for the disappointment arising from a pre-tax profit standstill at £353 million.

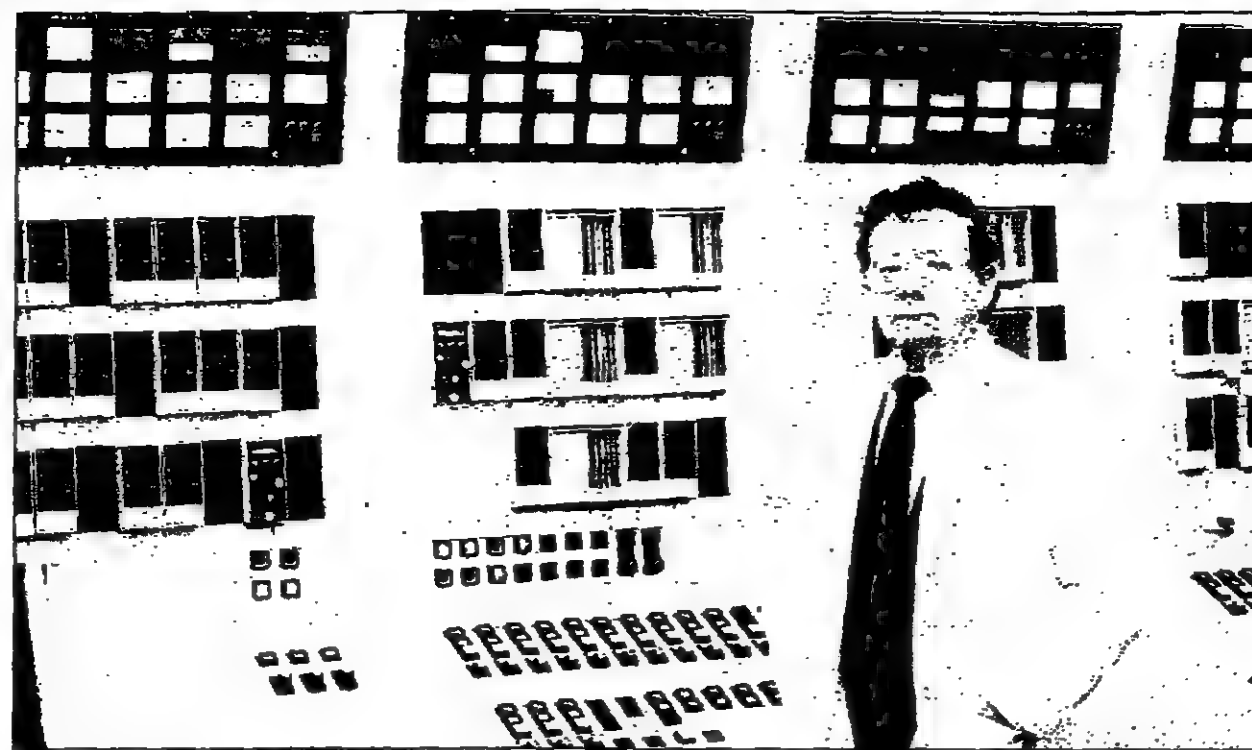
Not surprisingly, Guinness, which earns two-thirds of its profits from spirits, felt the effects of tightening wallets around the world, as consumers either drank less or switched to cheaper brands, and nowhere more than in Japan, where it has been forced into a "significant" stock reduction programme.

UK volumes fell 10 per cent, undoubtedly hit by the government's counter-productive duty increase — the revenue take is expected to fall for the second year running — and Australia is suffering, but efficiencies achieved from integrating the Glenmore business, acquired in August last year, helped produce a recovery in America. The end result was a 7 per cent rise in distilling profits.

Margins have improved significantly in brewing, where a 4 per cent growth in turnover — volume was up worldwide — translated into a 16 per cent profit increase. At home, the group cannot turn out canned beers fast enough.

The villain of the piece at the interim stage was the interest charge, up a third at £98 million, as Guinness met the cost of its acquisition programme. The impact will ease in the second half when the bulk of the newcomers' profits arise.

The board was confident enough to back its dividend rise with a promise of an "acceptable" profits increase, as approaching £1 billion pre-



Right formula: Ken Minton, chief executive of Laporte, has the mix to cope with the present environment

tax, against £956 million last time. Full-year earnings of about 35p would suggest a 14.7 multiple at 514p, a premium to the sector, but one that Guinness merits.

### Legal & General

THE Legal & General directors, meeting on Wednesday to set the level of the insurer's interim dividend, were faced with a tricky dilemma. The results for the half year to end-June show a healthy return to profits, but how could the company dare increase its payout when 15 per cent interest rates were due to be introduced the following morning. A cold shiver must have passed through even David Prosser, Legal & General's easy-going chief executive, on the prospect, as the group has 15 per cent of the domestic mortgage guarantee market. In the event, Legal & General chose the safe and

prudent course and pegged the dividend at 6.2p. A day later, and the decision may have been very different.

The first-half pre-tax profit of £74 million, against a £56.1 million loss for the previous first six months, was helped by a £11.5 million exceptional fund management profit resulting from the transfer of the UK investment businesses to their main customer, the life fund. But the underlying improvement looked healthy enough, with a sharp reduction in general insurance losses from £115.9 million to £33 million being the salient feature.

The shares appear cheap as they trade at a 20 per cent discount to net assets of £4. They yield 8 per cent, compared with the Pru's 6.5 per cent.

The market is rightly concerned about Legal & General's perceived weaknesses compared with the Pru, its 9 per cent share of the mortgage guarantee market and

less developed distribution network. But with the new top management rolling up its sleeves and tackling the problems and the company set to make up to £110 million pre-tax profits in the current year, those fears may be overcome.

### Laporte

A CONFIDENT looking Laporte, whose chief executive is Ken Minton, appears to have found the right formula to cope with the difficult environment for chemical companies. The speciality chemicals group saw half-year pre-tax profits fall from £50.3 million to £44.5 million. Much of the decline was in the Interlox businesses that were unwound from the group this May, when the tie-up with Solvay was undone.

Profits from the main Laporte businesses rose from £33.9 million to £34.9 million, and the operating profits of the Interlox businesses retained, namely Peroxy Spec-

alities, were unchanged at £5.8 million.

Earnings slipped from 20.1p to 18.8p, but the fall was broken by the cancellation of a 16.3 per cent stake held by Solvay and by a lower tax charge. The half-year dividend rises from 6.8p to 7p and the shares rose 32p to 486p. The balance sheet remains strong with debts standing at 30 per cent of shareholders' funds.

The market expects a 20p dividend for the year, up from 18.9p, putting the shares on a yield of 5.5 per cent. Profits forecasts of £90 million before tax (against £97.2 million last year) give unchanged earnings of 40p and put the shares on a multiple of 12.1.

Although Laporte shares recovered relative to the market by 3 per cent yesterday, they had fallen by a relative 20 per cent in the preceding three months, giving investors who hold on to the shares something to look forward to in the coming months.

### BUSINESS ROUNDUP

## UniChem lifts payout after profits surge

UNICHEM, the pharmaceutical distributor and retail chemist, reports a 55 per cent surge in profits and is lifting its interim dividend from 1.65p to 1.9p. Pre-tax profits for the first six months of 1992 were £15.01 million against £9.68 million the year before, on a turnover of just over £500 million, against £452 million. However, the group has decided to pull out of nappy manufacturing, where it has been up against intense competition, and is taking a £2.45 million provision on its disposal as an extraordinary item.

Earnings per share are up from 6.5p to 7.6p. Jeff Harris, newly installed as chief executive, says the group has increased its share of the wholesale trade in a market that has shown satisfactory growth in prescription pharmaceuticals but weak over-the-counter trading. He attributes the strong performance to innovative marketing schemes, an increased own-label range and attention to customer service. Operating margins in both the wholesale and the retail divisions improved. UniChem is expanding its retail business rapidly. From 132 outlets last December, the number has grown to 196, principally through the acquisition of 31 Scott Chemists shops in Scotland.

## Spurs back in black

TOTTENHAM Hotspur, the quoted football club, reported its first full-year profits since 1989 and promised a return to the dividend list. There was a £1.1 million increase in sales and a reduction in costs and interest payments, leaving pre-tax profits at £2.7 million for the year to May 31. In the previous year, the company made a loss of £1.8 million. Alan Sugar, chairman, said a special interim dividend would be paid once distributable profits had been determined.

## Gabici earnings slide

A GOLDEN handshake for a founding director added to the woes of Gabici, a USM-quoted clothing group, which saw pre-tax profits slide to £524,000 (£1.43 million) in the year to June 19. Turnover declined to £19.99 million (£24.5 million). A final dividend of 0.6p (2.85p) makes a total of 2p (4.25p). Profits were affected by an exceptional charge of £530,000, including a payment of £180,000 to Alex Pyser, who founded the business with Jack Sofer, chairman, in 1973.

## Bid costs hit Dowding

DOWDING & Mills, an electrical and mechanical repair group, increased its dividend despite the heavy toll of a failed bid for Torday & Carlisle, a niche engineer. A final dividend of 1.58p (1.52p) makes 2.5p (2.4p) for the year to June 30. Sales of £74.7 million (£79.6 million), down for the second year running, left pre-tax profits 22.5 per cent lower at £6.5 million (£8.4 million). The figure excludes a £633,000 extraordinary charge to cover the cost of the failed bid.

## Polype buck trend

POLYPE, which makes pipes and fittings, bucked the recession in building to increase pre-tax profits from £13.9 million to £15.4 million in the year to June 30. The company is confident profits growth can be maintained. The final dividend is increased from 1.275p to 1.34p, making a total of 1.97p, up from 1.875p. Sales rose by a third to £108.3 million. There is no gearing, despite an increase in capital spending from £8 million to £12.6 million.

## Wassall at the double

WASSALL, a mini-conglomerate run by former Hanson executives, said its trading prospects did not reflect the gloomy economic picture in Europe and America and continued progress was expected this year. The company doubled pre-tax profits from £3.12 million to £6.2 million in the half-year to June 30. Earnings per share rose from 3.13p to 3.46p and the interim dividend is increased from 0.67p to 0.8p. The shares rose 9p to 167p.

## Premier lifts output

HIGHER oil production more than offset lower prices and brought a sharp rise in net income at Premier Consolidated Oilfields, from £4.9 million to £7.3 million in the six months to June 30. Earnings were 1.4p a share, up from 0.9p. Production averaged 14,412 barrels a day, up 38 per cent. Production at the Wyth Farm onshore field continues at high levels, averaging 75,000 barrels a day in July and August.

## Davis holds payout

DAVIS Service Group, a business services company, is holding the interim dividend at 2.73p a share. It said trading and balance sheet strengths would help it weather the adverse economic climate and produce a satisfactory result for the year. In the half year to end-June, pre-tax profits rose to £8.03 million (£7.06 million), helped by interest charges down from £5.8 million to £2.53 million on disposals. Debt fell to £8.3 million (£7.8 million). Earnings were 6.39p (5.61p) a share.

## Olefins fusion planned

ROYAL Dutch/Shell, the Anglo-Dutch oil and chemicals group, and Italy's Montecatini are looking at merging their worldwide polyolefins operations. The two companies currently have worldwide combined capacities of 3 million metric tonnes of polypropylene and 500,000 tonnes of polyethylene a year. Anti-trust and other appropriate authorities are being informally briefed about the plans and formal notification will follow.

## John Lewis declines

JOHN Lewis Partnership made pre-tax profits of £20.2 million, down £3.6 million, in the half year to July 25. A third of the decrease was accounted for by higher interest costs, and the trading profit fall was held at 5 per cent, to £38.0 million. Waitrose, the food retailing arm, managed a sales increase of 4 per cent, helped by store openings, but there was no increase from the department stores, a result Peter Lewis, the chairman, believed was unprecedented.

### COMPANY NEWS IN BRIEF

<b>BAYNES (CHARLES) (Int)</b> Pre-tax: £1.88m (£3.02m) EPS: 1.05p (1.80p) Div: 0.525p (0.5p)	Turnover, boosted by acquisition, up to £37.2m (£34.1m). No sign of upturn, but an enhanced second half performance is expected.
<b>BEIMROSE CORP (Int)</b> Pre-tax: £1.85m (£1.61m) EPS: 7.14p (6.48p) Div: 4.30p (4.30p)	Turnover rose to £22.7m (£21.5m). Group expects further progress in second half, but higher sales not achievable at acceptable margins.
<b>BENTALLS (Int)</b> Pre-tax: £1.05m Loss LPS: 1.63p (EPS: 0.32p) Div: 0.80p (0.60p)	There was a profit of £207,000 last time. Group has decided to sell its Bentalls Charge Card business, reducing borrowings by £8m.
<b>CANNING (W) (Int)</b> Pre-tax: £3.02m (£3.06m) EPS: 5.90p (6.20p) Div: 2.94p (2.94p)	Sales slipped to £58.1m (£61.7m). There is uncertainty in many of group's markets, but corrective action should enable growth.
<b>EADIE HOLDINGS (Int)</b> Pre-tax: £35,000 EPS: 0.19p (LPS: 0.96p) Div: Nil (nil)	There was a loss of £354,000 last time. Balance sheet strengthened as a result of the rights issue. Improved second half is expected.
<b>ESC GROUP (Int)</b> Pre-tax: £535,000 EPS: 3.31p (6.74p) Div: 1.75p (3.50p)	Last time's profit was £1.94m. Turnover fell to £25.3m (£28.1m). Order books are satisfactory, but tender margins are deteriorating.
<b>FOLKES GROUP (Int)</b> Pre-tax: £850,000 EPS: 1.25p (1.57p) Div: 0.575p (0.575p)	Last time's profit was £850,000. Turnover fell to £20.3m (£23.4m). Company does not envisage any improvement in demand this year.
<b>E GREEN &amp; PTNRS (Fin)</b> Pre-tax: £458,000 EPS: 4.3p (18.1p) Div: 4.25p, mkg 7p (7p)	Last time's profit was £2.15m. Turnover fell to £7.74m (£11.7m). Exceptional debit: £304,000. Extraordinary credit: £133,000.
<b>MAGNOLIA GROUP (Int)</b> Pre-tax: £52,000 EPS: 0.61p (3.05p) Div: Nil (1.75p)	Last time's profit was £273,000. Turnover fell to £9.47m (£11m). Group saw severe downturn in second quarter sales and profits.
<b>OLIVER GROUP (Int)</b> Pre-tax: £4.87m Loss LPS: 19.28p (18.08p) Div: Nil (0.91p)	Last time's loss was £5.2m. Turnover rose to £37.5m (£36.8m). Any trading improvement will be diluted by one-off closure costs.
<b>SPANDIX (Int)</b> Pre-tax: £2.24m (£2.18m) EPS: 11.2p (11.3p) Div: 1.90p (1.90p)	Turnover rose to £28.3m (£26.8m). Signalling material sales up markedly. Signalling computer sales constrained by recession.
<b>MAYBORN GROUP (Int)</b> Pre-tax: £1.68m (£1.29m) EPS: 5.80p (4.40p) Div: 1.60p (1.40p)	Turnover rose to £17.1m (£15.2m). Group said first half performance has been satisfactory. Operating profit rose to £1.86m (£1.62m).
<b>MTL INSTRUMENTS (Int)</b> Pre-tax: £2.2m (£2.35m) EPS: 6.0p (8.5p) Div: 1.6p (1.5p)	There was an extraordinary credit of £690,000. Turnover stood at £9.29m (£9.19m). Group's cash balance in excess of £6m.
<b>SANDERSON M &amp; ELDOR</b> Pre-tax: £333,000 EPS: 2.87p (4.80p) Div: 0.80p (0.80p)	Interim results. There was a profit of £765,000 last time. Turnover rose to £51.1m (£27.5m). Group had good August in terms of profit.
<b>USHER (FRANK) HLDGS</b> Pre-tax: £1.07m EPS: 10.2p (7.2p) Div: 3p, mkg 5p (4p)	Final results. There was a profit of £775,000 last time. Turnover edged to £15.6m (£15.2m). Profits expected to continue improving.

## Minorco advances regardless of change

By MICHAEL TATE, CITY EDITOR

MINORCO is not allowing the transformation process, under which it is converting from an investment company into a natural resources operating group, to interfere with its financial performance. Julian Ogilvie Thompson, the chairman, reported profits 6 per cent higher at \$206 million in the year to June.

The dividend rises 6 per cent to 54 cents, the seventh consecutive annual increase, thanks to a final payment of 36 cents.

Turnover more than doubled, largely because Terra

Industries and Hudson Bay Mining and Smelting were consolidated for a full year this time. In the previous year, they were equity-accounted for all but the final quarter.

Operational cash flow totalled \$319 million, against \$176 million previously, although capital expenditure increased from \$108 million to \$154 million, reflecting the new priorities. A further \$308 million went on acquisitions and investments.

Minorco bought Buxton Lime Industries and Nash Rocks in the UK and Lausitz

Grauwacker, a quarry business, in eastern Germany. Cash and near-cash still totalled \$1.78 billion at June 30, against \$1.89 billion the year before.

Shareholders' equity amounted to \$2.87 billion, of which about 52 per cent was represented by liquid assets, with the two main investments, Charter and Engelhard, claiming a market value of \$520 million, greater than their carrying value.

Group debt at the year end totalled \$523 million, an increase of \$95 million.



Ogilvie Thompson

## JOHN LEWIS PARTNERSHIP plc

### Department stores and Waitrose supermarkets

### Consolidated unaudited results for the half year ended 25 July 1992

	1992 £m	1991 £m	% change
<b>Sales (including VAT)</b>	1,094.8	1,073.4	2
<b>Trading Profit</b>	38.0	40.1	-5
<b>Interest</b>	12.1	10.8	12
<b>Pensions fund contribution</b>	5.7	5.5	3
<b>Surplus available for preference dividends, profit sharing and, subject to taxation, for retentions</b>	20.2	23.8	-15

#### Sales and Profit

Sales were level in the department store division and increased by £20 million (4%) in Waitrose supermarkets. Costs were tightly controlled but still increased at a faster rate than sales, leading to a 5% fall in trading profit.

#### Profit sharing

Allocation between retentions and profit sharing is determined when the results for the year are known. The second half year is more important than the first. Preference dividends for the half year were £103,000 (£109,000).

For further details of the results and/or the John Lewis Partnership please telephone 071-828 1000 ext 6222 or write to the Chief Information Officer, 171 Victoria Street, London SW1E 5NN.



# Elsevier and Reed join to create publishing giant

By Graham Searjeant, Financial Editor

A GIANT in the international publishing industry should be born at the beginning of next year as a result of an agreement to merge the operations of Reed International and Elsevier of The Netherlands.

The combined group had a market value of £5.2 billion before the agreement was announced. It would earn combined pre-tax profits of £424 million this year according to the two companies' forecasts.

The deal aims to create an Anglo-Dutch group similar in structure to Unilever or Royal Dutch/Shell. The two parent groups will retain their existing identities as quoted companies but run their businesses as a single combined operation. They would also equalise their dividends up to the level paid by Reed. The board of Reed Elsevier will be drawn equally from the two companies, which will also have cross-directorships.

Peter Davis, chairman of Reed, the business publishing, magazine and Oapopus book group, will become chief executive of Reed Elsevier. He said the merger was driven by long-term strategy rather than

immediate synergies, though some costs could be cut, adding: "By putting the two businesses together we can create a strong springboard to develop new products and also to buy other businesses. The combination also gives a better defensive spread of businesses."

Pierre Vinken, chairman of Elsevier, the scientific publishing group with two Dutch national newspapers, will also chair Reed Elsevier until he retires in 1995. He said the combined group would have an appetite for acquisitions on a scale neither could contemplate before. "There is a class of large publishers in the world which in principle could be taken over."

Elsevier, which bought Pergamon Press from Maxwell Communication for £440 million last year, has long wanted to link with an English language publisher to expand. It had talks with Reed five years ago and later took cross-shareholdings with Pearson, unwound last year.

Expansion in electronic publishing is a priority for the combined group, along with expansion in other European

markets and international English-language publishing. Both are strong in American business publishing.

Terms of the deal, which had been settled earlier in the week, have been upset by sterling's devaluation and will have to be redrawn during the next month. Under the original agreement, each would take a half stake in Reed Elsevier, but Reed would also be issued an 11.5 per cent stake in Elsevier to give it an interest of 56 per cent.

This retained equality of control, while reflecting Reed's greater size, Reed is changing its year end and has forecast a 25 per cent rise in pre-tax profits to £239 million for the year to end-December and a dividend increase.

Reed's eventual stake in Elsevier will be lower after the fall in sterling against the guilder, currently about 9 per cent from the assumed rate. But Mr Davis said the deal might have to be rethought if the stake disappeared altogether. Sterling devaluation will also change the proposed basis for dividend equalisation, which was to equate 6.86 Reed shares with one of Elsevier.

City analysts welcomed the merger and thought the initial terms favourable to Reed. Derek Terrington, of Kleinwort Benson, said: "I like this deal. The strategic alliance should enhance potential for earnings growth."

On the stock market, Reed shares initially jumped almost 80p to 565p but later settled at 530p, up 7p per cent against a market rise of 4.6 per cent. By contrast, Elsevier fell by nearly 9 per cent, partly because the deal would frustrate takeover hopes. Elsevier is effectively controlled by its supervisory board through a trust with high-voting shares but this will be dissolved to avoid any concentration of shareholdings or votes.

Comment, page 23

REED ELSEVIER'S EMPIRE			
Combined forecast, year to end December	£m	Gulders	
Turnover	2,442	7,638	
Pre-tax profit	424	1,390	
Operating profit from:			
Scientific	5	5	5
Professional	24	14	20
Business	50	10	35
Consumer mags and newspapers	26	17	22
	100	100	100
Sales come from:			
UK	44	3	32
Netherlands	1	36	12
Rest of Europe	6	14	10
America	35	33	34
Rest of world	12	11	12
	100	100	100

\*At pre-devaluation exchange rates

## APV pegs interim dividend

PRE-TAX profits at APV, which makes food processing equipment, fell 17.2 per cent to £12 million in the six months to June 30, despite turnover ahead 8.5 per cent to £437 million. APV said orders, at about £350 million, were roughly in line with the level of a year ago.

A maintained interim dividend of 2p is recommended, from earnings of 2.8p (3.3p) a share. The shares eased 3p to 79p. Sir Peter Cazalet, chairman, said there was "no clear evidence of improvement in the economic environment".

## US trade gap

America's trade gap widened to \$7.82 billion in July from \$6.73 billion in June, despite the weakness of the dollar. The deficit was the biggest for 20 months. Exports fell for the fourth time in five months, a drop in commercial aircraft sales being a key factor.

## Logica soars

Logica, the computer software house, achieved a 92 per cent surge in taxable profits, from £3.68 million to £7.06 million, in the year to June 30. Turnover was £200.4 million (£197.8 million). A final dividend of 2.5p (2.35p) is recommended, giving a total of 3.65p (3.5p).

## Goal advances

Net income of Goal Petroleum, an independent oil exploration and production company, was up from £2.14 million to £2.35 million in the six months to June 30. Operating profits fell from £5.35 million to £4.78 million on turnover down from £21.4 million to £20.9 million.

## Receiver to sell

Halls Homes and Gardens, a Kent-based supplier of conservatories, greenhouses and garden products, has gone into receivership. It employs 175 at two sites. Tony Houghton, the joint administrative receiver, said the aim was to sell the business as a going concern.

## Payout raised

Campari International, a leisurewear group, has increased its interim payout from 3p to 3.25p, despite a decline in pre-tax profits from £1.53 million to £1.03 million in the six months to June 30.

## Cost-cutting boosts Thames to £15m

By Jon Ashworth

STAFF cuts and higher advertising revenues have left Thames Television comfortably placed in its last months as holder of the London weekday television franchise.

Operating costs fell £8.5 million to £45 million as the company cut staff from 1,355 to 788 in preparation for life as a producer and distributor. The cuts helped Thames to a pre-tax profit of £15.2 million (£4.1 million loss) in the six months to end-June.

Earnings per share were 17.5p (8.6p) and the interim dividend is held at 2.5p. Advertising volumes increased to £122 million (£113 million). The only disappointing performer was Reeves, the American programme production arm, which made an operating loss of £3.3 million on turnover of £11 million.

Reeves has filed a complaint against MCA, its American distributor, alleging, inter alia, breach of contract, copyright infringement and negligence. Thames, whose chairman is Lord Brabourne, lost its licence to Carlton Television in last year's competitive tenders. UK Gold, the Astra satellite programme service Thames jointly founded with BBC Enterprises, is on course for launch later in the year. Thames has already sold a package of programmes to be shown on ITV next year for £28.9 million.

## Christie's lowers payout as profits slide at half time

By Jonathan Prynn

THE dark cloud hanging over Lloyd's of London will bring some cheer to Christie's International, the embattled auction group, in the second half of the year.

The £1 million sale this month of the contents of a Shropshire country house owned by a suffering Lloyd's name is one of the auctions in

Christie's autumn season. Others include the sale of King James II's wedding suit, a collection of gas cooking stoves, and impressionist and contemporary paintings in London and New York.

The first six months of the year saw the global auction market bumping along the bottom for the third half in

JULIAN HERRERT



New order: Lord Carrington (left) and Sir Anthony



Bringing heads together: Pierre Vinken (left), of Elsevier, and Peter Davis, of Reed, will lead the new group

## L&G chief calls for rate cut

By Our Insurance Correspondent

DAVID ROUGH, head of investment management at Legal & General, the insurance group, yesterday urged the government to abandon the exchange-rate mechanism and cut interest rates to 8 per cent.

Mr Rough said there was no benefit to rejoining the ERM "under the current system of 'one man, 99 per cent of the votes' when that man resides in Germany". He rejected the view that a lower exchange rate would fuel inflation but said fear of inflation could benefit index-linked and equity investments.

L&G reported no improvement in consumer confidence in the economy and no strengthening of the housing market in the first half of the year. However, a sharp reduction in general insurance losses and a £31.5 million exceptional profit on the transfer of the British investment businesses to the British life fund turned last year's £56.1 million first-half loss into a £74 million interim pre-tax profit. The interim dividend is held at 6.2p.

The British general insurance operations, excluding domestic mortgage indemnity (DMI) business, produced an insurance profit of £2 million after a £23.2 million loss for the same period last year.

First-half DMI losses fell from £88.9 million to £26.4 million, reflecting heavy provisioning last year. L&G, which takes a two-year view on likely losses from DMI, made a further £35 million of provisions, taking the total to £185 million. Profits from the life and pensions operations rose from £59.7 million to £75.4 million.

## Halifax builds up profits

By Lindsay Cook, Money Editor

THE Halifax Building Society, the largest mortgage lender, reported pre-tax profits up four per cent at £318 million (£307 million) for the first half of 1992.

There was a further addition to bad debt provisions of £135 million. Of these, £121 million was for residential mortgages. The society does not disclose the number of properties taken into possession, but says this fell 40 per cent in the first six months of the year compared with the previous six months. This is the result of its efforts after initiatives by the government.

The society improved its share of the mortgage market with an estimated 19 per cent of total UK net mortgage lending compared with 14 per cent last year and 16 per cent

state of the housing market. He, however, welcomed the reinstatement of the 10 per cent bank base rate.

Total assets rose by 4 per cent to £61 billion. Net receipts were halved at £1.2 billion (£2.4 billion). This was due to strong competition from National Savings and savers making withdrawals to pay off other borrowings. Net lending was up from £1.4 billion to £2.2 billion and gross lending was up £600 million at £4.5 billion.

Abbey National, the second largest mortgage lender, reported profits down £38 million at £270 million for the first half of the year. At the end of last year it was rivaling the Halifax for mortgage market share, but now the Halifax has pulled well ahead.

## Guinness pushes up interim dividend

By Our City Editor

GUINNESS, the distilling and brewing group, could only inch pre-tax profits ahead from £350 million to £353 million in the first half of 1992, as consumer spending tightened around the world. Even so, shareholders will collect a near-10 per cent increase in their interim dividend, from 3.05p to 3.35p a share.

Tony Greener, the group chief executive, said: "It should not be taken as indicating any great improvement in the second half, or even next year, but as a sign of our confidence in the longer term future of the group."

Sir Anthony Tennant, the chairman, said that while growth would not match that of the recent past, he expected "an acceptable increase in operating profits this year". Meanwhile, earnings of 12.8p a share at halfway offer the group ample room for manoeuvre in its dividend policy. Healthy operating profit increases both in spirits, which account for two thirds of profits, and in brewing were wiped out by a higher interest charge, swollen by the cost of the group's recent heavy acquisition programme.

In the UK, volume sales of spirits were down by 10 per cent and Sir Anthony hit out again at the government's taxation policy following the latest duty increase. Current excise duties appear to have "passed the point of diminishing returns," he said, with the government now almost certain to collect less revenue from spirits for the second year in succession.

The group's effective 24.3 per cent stake in LVMH, the champagne to luxury goods group, yielded £40 million, against £44 million last time.

Group net borrowings totalled £1.73 billion, or 46 per cent of shareholders' funds, against 42 per cent a year ago and 50 per cent at the end of December. Cash generation is strong, with a free cash flow of £120 million in the first half.

Tempus, page 20

# MINORCO

Preliminary announcement of results for the year to June 30, 1992

"Minorco increased its earnings and dividend despite difficult business conditions while continuing its transformation, through acquisitions and restructuring, into a natural resources operating group."

*John O'Connell*  
J. O'Connell Thompson,  
Chairman

Earnings before extraordinary items up 6% to US\$206 million (1991: US\$193 million).

Dividend up 6% to 54 US cents per share, the seventh consecutive annual increase.

Operations and treasury generated cash of US\$319 million of which US\$154 million reinvested in the business. Acquisitions and investments absorbed US\$308 million.

Good operating performances from subsidiaries with record production of gold at Independence and copper at Hudson Bay.

With the acquisition of an additional German quarry and two operations in the UK, Minorco has established the core of a European industrial minerals division.

Gross cash resources currently stand at US\$1.8 billion.

FOR THE YEAR TO JUNE 30	1992	1991
US\$ millions:		
Sales	1,667	771
Earnings before taxation	253	244
Earnings before extraordinary items	206	193
Net cash provided by operating activities	319	176
Capital expenditure	154	46
Acquisitions and investments	308	175
US\$ per share:		
Earnings before extraordinary items	1.22	1.14
Dividends declared	0.54*	0.51

\*Recommended by directors and subject to shareholders' approval.

## FINAL DIVIDEND

The proposed final dividend for the year to June 30, 1992 of 36 US cents is payable on November 17, 1992 to shareholders of record on October 9, 1992.

The annual report will be mailed to shareholders on or about October 8, 1992. Copies may be obtained from the UK transfer agent: Barclays Regent, 34 Bechenham Road, Beckenham, Kent, BR3 4TU, England.

MINORCO

MINORCO SOCIETE ANONYME, LUXEMBOURG, SEPTEMBER 17, 1992



## STOCK MARKET

## Share prices surge in heavy trading

SHARE prices enjoyed their biggest one-day rise since April 10 — the day after the general election — as hopes grew that the pound's devaluation would be enough to spark a revival of the economy and lead to lower interest rates.

The FT-SE 100 index closed near its best level of the day having surged 105.6 to 2,483.9 in heavy turnover that saw 1.36 billion shares change hands. Brokers said the figure had been swollen by market-makers trading between themselves as they tried to go long of stock in the belief that the equity market had finally bottomed out and the recovery is now under way. It takes the rise in the index so far this week to 113 points. Genuine retail business remained tight, with brokers unable to deal in any real size outside of the top 200 shares.

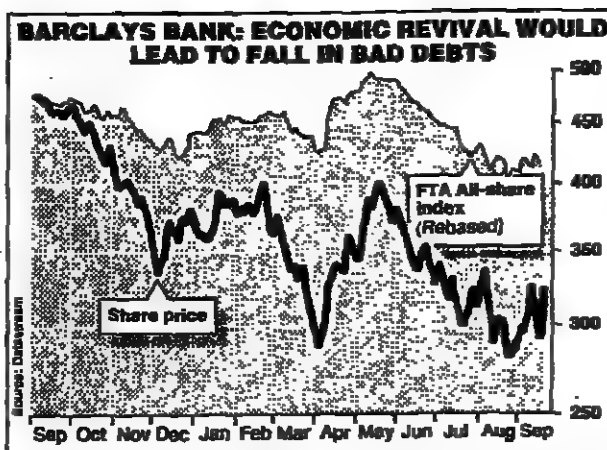
Share prices fluctuated widely throughout the day but never moved out of positive territory after enjoying an early mark-up that carried the index more than 100 points higher. Even when the market showed signs of running out of steam, reducing its lead to just 25 points, it was revived by the Bank of England move to reduce the minimum lending rate by 2 per cent to 10 per cent — back to the level at which it started the week.

Once again, the big overseas earners attracted much of the attention. They are expected to benefit most, with the cheaper pound making them more

competitive. ICI jumped 38p to £11.05 despite whispers in the Square Mile suggesting that Goldman Sachs, the New York securities house, had placed the 10 million shares it bought from Hanson earlier this year at around the £14 level. But by the close, only 5 million had been traded, and it transpired that Schroder Investment Management had bought an extra 7 million in the market, taking its stake to 21.6 million, or 3.03 per cent.

Other dollar earners to go better included Reuters 55p to £11.95, Glaxo 14p to 813p, Wellcome 17p to 897p, SmithKline Beecham 22p to 531p, BAT Industries 24p to 816p, Grand Metropolitan 23p to 432p, Courtaulds 38p to 446p, BTR 20p to 460p, RMC Group 34p to 434p, and Reliance 10p to 134p.

Read International, the publisher, jumped 45p to 531p after announcing that it is to merge with Elsevier, the Dutch publisher. Analysts are hoping that a revival in the economy will lead to a dramatic fall in provisions for bad and doubtful debts among the banks. Barclays led the way with a leap of 45p to 336p as 25 million shares changed hands. There were also gains in heavy turnover for Abbey National 26p to 288p, TSB Group 10p to 135p, Bank of Scotland 10p to 108p, HSBC 30p to 381p, Lloyds 36p to 435p (6.8 million shares traded), National Westminster 51p to



357p. Royal Bank of Scotland 14p to 157p, and Standard Chartered 25p to 327p. Sterling's devaluation has breathed new life into those sectors most vulnerable to a high interest rate policy. The bargain hunters were out in force among the builders where there was an almost

audible sigh of relief at the government's decision to wipe out Wednesday's 5 per cent rise in bank base rates. Solid gains were recorded in Amec 11p to 71p, Anglia Secured Homes 2p to 54p, Avonside 0p to 72p, Barrat Developments 15p to 52p,

Tate & Lyle jumped 17p to 336p as Archer-Daniels-Midland International increased its holding to 24.2 million shares. But any bid hopes are likely to be dashed by American regulatory authorities. A-D-M holds 30 per cent of the fructose corn syrup market in the US and competes with Tate's Staley subsidiary.

Raine Industries 14p to 81p, Taylor Woodrow 11p to 57p, Westbury 3p to 49p, Wilson Bowden 17p to 215p, Wilson Connolly 13p to 110p, and George Wimpey 13p to 87p. There was also support for the building supplies on hopes of a revival in the industry's

fortunes with improvements in Meyer International, 8p better at 28p, Travis Perkins 6p to 115p, Wickes 11p to 79p, Wolsley 41p to 360p, BPF Industries 16p to 148p, Blue Circle 12p to 152p, CRH 7p to 205p, Heywood Williams 6p to 152p, Istock Johnson 4p to 49p, Marley 10p to 77p, Pilkington 5p to 90p, Polypipe 5p to 100p, RMC 30p to 439p, Redland 20p to 358p, Rugby Portland 25p to 199p, and Spring Ram 10p to 120p.

The property sector, which has been hard hit by the recession, continued to show signs of recovery with British Land 18p to 134p, Bradford Properties 11p to 120p, Briton Estates 5p to 115p, Chesterfield Properties 8p to 123p, Frogmore Estates 11p to 210p, Great Portland 10p to 93p, Greycoat 5p to 20p, Hammerson A 14p to 188p, Land Securities 15p to 170p, MEPC 18p to 223p, Rosebush 13p to 54p, Slough Estates 13p to 101p, Warners Estates 13p to 133p, and Wates City of London 4p to 28p.

There was little cheer for the utilities which have been seen as an investors' haven. BT fell 4p to 339p, while losses were also nipped up in Eastern Electricity 4p to 350p, Midlands Electricity 12p to 390p, Anglian Water 9p to 408p and Severn Trent 6p to 385p.

WSMICHAEL CLARK

## Cautious mood as Dow goes lower

New York — The Dow Jones industrial average was mildly lower in mid-morning, but overall sentiment was firm. Traders attributed gains to a stable dollar but noted caution ahead of France's referendum on the Maastricht treaty.

The Dow was 2.97 points lower at 3,316.24 against an earlier high of 3,328.67. Advancing issues topped declining issues seven to five on volume of 34 million shares.

## Nikkei closes firmer

Tokyo — Shares staged a technical rebound to close modestly firmer, although off their day's highs.

Active targeting of incentive-backed issues and index-linked buy programmes helped to buoy prices, but many investors, with a wary eye on jittery currency markets, stayed away, brokers said.

The Nikkei average closed up 171.82 points, or 0.96 per cent, to 18,116.52, with about 270 million shares traded.

Hong Kong — Shares rebounded powerfully in the afternoon in higher volume to wipe out heavy early losses on persistent rumours that China has agreed to new airport financing proposals by Britain. The Hang Seng index ended 4.77 points higher at 5,637.9 after hitting a day's low of 5,543.25.

## WORLD MARKETS

Frankfurt — The German stock market reached a low after the Bundesbank decided not to back up Monday's rate cuts with further action. The Dax index dropped half a dozen points after the news from the central bank's council meeting, falling as low as 1,576.9, although dealers said some of the drop stemmed from technical trading ahead of the Dax futures expiry. After spending most of the day

gripped by uncertainty and caution, the market closed 5.8 points lower at 1,578.76.

Sydney — Australian shares closed slightly firmer after drifting in a narrow range, as investors watched the currency markets. But trade was patchy after the UK's decision to suspend sterling from the ERM, and news that Italy had pulled out temporarily. The all-ordinaries index closed 5.4 points up at 1,511.8.

## WALL STREET

Symbol	17 Sep	18 Sep	17 Sep	18 Sep
NYSE	3,316.24	3,316.24	3,316.24	3,316.24
Dow Jones	3,316.24	3,316.24	3,316.24	3,316.24
Nikkei	18,116.52	18,116.52	18,116.52	18,116.52
Hang Seng	5,637.9	5,637.9	5,637.9	5,637.9
FTSE 100	2,483.9	2,483.9	2,483.9	2,483.9
DAX	1,578.76	1,578.76	1,578.76	1,578.76
ASX	1,511.8	1,511.8	1,511.8	1,511.8

## BRITISH FUNDS

THE prospect of a gradual softening of interest rates in the weeks to come after the pound's devaluation lifted prices at the short end of the market as much as £2.

Fund managers switched out of long and into shorts, amid growing concern that one side effect of sterling's devaluation will be a rise in the inflation rate. There were losses for Treasury 84 per cent 2017, which fell £2 1/4 to £94 1/4. By contrast, Exchequer 93 per cent 1998 was chased £2 1/4 higher to £102 1/4.

On the futures market, the long gilt, which had outperformed the cash market on Wednesday, also came under pressure with more than 70,000 contracts completed. It ended the session £1 lower at £97 1/4. Index-linked issues also enjoyed selective support boosted by this week's revival in the equity market and inflationary pressures.

## SHORTS (under 5 years)

Symbol	17 Sep	18 Sep	17 Sep	18 Sep
Treasury 84 per cent 2017	£94 1/4	£94 1/4	£94 1/4	£94 1/4
Exchequer 93 per cent 1998	£102 1/4	£102 1/4	£102 1/4	£102 1/4
Index-linked issues	£97 1/4	£97 1/4	£97 1/4	£97 1/4

## LONGS (over 15 years)

Symbol	17 Sep	18 Sep	17 Sep	18 Sep
Treasury 84 per cent 2017	£94 1/4	£94 1/4	£94 1/4	£94 1/4
Exchequer 93 per cent 1998	£102 1/4	£102 1/4	£102 1/4	£102 1/4
Index-linked issues	£97 1/4	£97 1/4	£97 1/4	£97 1/4

## UNDATED

Symbol	17 Sep	18 Sep	17 Sep	18 Sep
Treasury 84 per cent 2017	£94 1/4	£94 1/4	£94 1/4	£94 1/4
Exchequer 93 per cent 1998	£102 1/4	£102 1/4	£102 1/4	£102 1/4
Index-linked issues	£97 1/4	£97 1/4	£97 1/4	£97 1/4

## MAJOR CHANGES

Symbol	17 Sep	18 Sep	17 Sep	18 Sep
Abbey Nat	288p	288p	288p	288p
Barclays	336p	336p	336p	336p
BT	339p	339p	339p	339p
HSBC	381p	381p	381p	381p
Lloyds	435p	435p	435p	435p
Marley	77p	77p	77p	77p
Wates	432p	432p	432p	432p

## RECENT ISSUES

Symbol	17 Sep	18 Sep	17 Sep	18 Sep
Birby 100	90	90	90	90
Broadgate Inv Trst 1000	95	95	95	95
Broadgate Warrants	33	33	33	33
Dartmouth Inv Trst 100	10	10	10	10
Dwyer A	19	19	19	19
European Smaller Cos	80	80	80	80
European Smaller Cos	19	19	19	19
Finbury Smaller Cos 0 Pft 100	147	147	147	147
Kirow End Play 100	97	97	97	97

## INTERNATIONAL APPOINTMENTS

### GOVERNMENT OF NEGARA BRUNEI DARUSSALAM

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Ref: 095 19-423

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- (a) A Bachelor Degree in Engineering or its equivalent;
- (b) An Instructor/Technical Instructor qualification;
- (c) Experience in training at a national telecommunications organisation.

OR

- (a) HND in Telecommunications or its equivalent;
- (b) An Instructor/Technical Instructor qualification;
- (c) Any of the following practical experience:

- 10 years' experience in planning, implementation and coordination of underground and overhead cable projects in a major telecommunications organisation; and
- 2 years' experience in training in the above field.

OR

- 10 years' experience in the installation, maintenance and provision of subscribers' apparatus; and
- 2 years' experience in training in the above field.

OR

- 10 years' experience in the provision and maintenance of underground and overhead cable distribution with a major telecommunications organisation; and
- 2 years' experience in training in the above field.

OR

- 2 years' experience in course development training in a recognised telecommunications organisation; and
- 3 years' experience in field work including the supervision of the installation and maintenance of electronic switching systems in a national telecommunications organisation.

Ability to speak and understand the Malay language will be an advantage. The successful candidate will be appointed on a 3 year renewable contract basis. Candidates who are Negara Brunei Darussalam citizens will be appointed on a permanent establishment after a probationary period. In addition to an attractive tax-free salary, excellent benefits include: an annual bonus, subsidised housing, generous paid leave, free air passages, children's allowances, interest-free car loans and 25% gratuity upon completion of contract.

For an application form, please write or telephone:-  
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19 Belgrave Square, London SW1X 8PG  
Tel: 071 581 0521 x 169.  
Closing date: 5 October 1992.

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Previous Saudi Aramco experience is desirable but not essential. Applicants, who must hold a valid U.K. driving licence, should forward a typed C.V. together with copies of current qualifications/certificates to:-

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## Stop blaming the Bundesbank

By definition, scapegoats are innocent. Whitehall's choice of the Bundesbank as prime mover in the collapse of sterling, its withdrawal from the ERM and the accompanying devaluation is therefore revealing. The truly guilty parties, John Major and Norman Lamont, made a mistake all too familiar to recession-hit businesses everywhere. They tried to sell something at a price the customers reckoned to be too high. Worse still, they believed that through the man-made devices of the ERM they could protect the pound from market forces, however overpriced Britain's currency might become. And worst of all, they were yesterday attempting to sell the idea that the pound might soon return to the ERM club with no reason to believe that membership would be any less painful next time.

Blaming the Bundesbank is a soft option and one that simply does not bear close scrutiny. Messrs Lamont and Major know well that Germany's central bank is not Europe's central bank and has not entirely welcomed those who would thrust that additional role upon it. The Bundesbank's responsibilities are domestic. Bailing out the pound, the lira or any other overvalued currency, through support that inflates money supply and conflicts with its prime task, is a course of action that can hardly be welcome. Having offered the solution of an orderly realignment and seen it rejected by Britain, the Bundesbank may well have felt no further obligation to worsen its own problems.

Britain may decide that life outside the ERM is simpler and the bracing air of freedom to set interest rates helpful for a while. If so, the market would warm to a Bank of England whose hand was strengthened by a greater degree of statutory independence in the making and execution of monetary policy. The knowledge that some body was empowered and willing to take decisions a politician might find difficult would help sterling in the short run and the economy over the longer term. Far from blaming the Bundesbank, Mr Major should copy it.

## Going Dutch

Reed and Elsevier could not wait to announce their merger, even though the pound's fall had wrecked the carefully constructed terms. Reed's Peter Davis says they had "the brass cheek" to go public yesterday to avoid leaks, but both sides were clearly delighted with the tale they had to tell, including mutual higher profit forecasts. Recent Anglo-French cross-border mergers have proved disastrous but the Anglo-Dutch experience has shown a closer meeting of minds. This one has been carefully constructed on the successful models of Shell and Unilever, where Nigel Stapleton, Reed's finance director, worked for 18 years. Dividends will be equalised on Reed's model, giving a big income boost to Elsevier shareholders. Close-knit voting control of Elsevier will also be unscrambled.

The two groups, which have equally unromantic but solid businesses, will gain much better sector and geographical spread but the appeal lies in the potential for expansion, especially when some big American groups need to sell assets. Reed Elsevier will start with borrowings of less than £400 million if it gets off the ground, avoiding the punishing gearing that afflicts Time Warner. Harmonisation of accounting policy might, however, shrink shareholders' funds. This has not been decided but is likely to involve Reed unwinding its practice of valuing acquired titles.

That devaluation provides the only cloud. It will require a renegotiation that could expose doubts among Dutch shareholders. Reed has a good deal but Elsevier could hardly have managed its long-planned, great leap forward any better.

In the wake of the Maxwell debacle, David Blake offers a radically alternative method of funding pensions

The Maxwell pensions scandal provides both an opportunity and a challenge. We have an opportunity to review the entire system of pension funding arrangements in Britain. We face the challenge of introducing a new system of pension funding that will survive well into the next century. The magnitude of the Maxwell scandal is so great that we must start from scratch: tinkering around with the existing system will not suffice.

If we were to imagine what an ideal pension scheme would be like, it would certainly not be the one that most of us have at the moment. It would not be an occupational scheme attached to a particular contract of employment. It seems strange to attach a pension scheme to a contract of employment as to attach, say, a savings scheme.

What would we think if, when we started working for a company, the employer insisted that we deposit all our savings with the company? Or if the employer insisted that we could only get our savings back when we left the company, but if we left before we actually retired, we would get some unspecified sum of money returned to us? Or if the employer stated that the rate of return that we received on our savings would be both unspecified and unrelated to the rate of return that was received from investing them? Or that in the unfortunate event that the company went bankrupt, we might actually lose all our savings? In truth, we would not dream of leaving our life savings with an employer, so why leave our pension savings with one?

An ideal pension scheme has the following characteristics. It is fully portable and completely independent of the company. Adequate contributions related to the employee's salary and age are made into the scheme by both the employee and the current employer. They are tax-deductible up to separate limits. There might be a standard employee contribution rate, but the employee would be free to make additional voluntary contributions.

There would also be a standard employer contribution rate, but again employers might be induced to make additional contributions. Con-

# It's time to take our pensions out of the hands of employers



Nightmare on Fleet Street: Mirror Group pensioners had their worst fears realised after Robert Maxwell's death

tributions in excess of the limits would be permitted but would not attract tax relief. The employer's contributions would cease when the employee left the company, so that employer would be contributing to the employee's future pension only in proportion to the time that the employee worked for the company.

The scheme would be administered by an independent trust corporation. This would be necessary to ensure adherence to tax relief limits. The administrator would be advised by actuaries to ensure that contributions were adequate. A system of competing trust corporations could be established, operating to a standardised set of deeds, which are similar to company articles of association.

The pension fund assets would be managed by an independent fund management group. Depending on their attitudes to risk, individuals could select a high-risk or low-risk investment strategy, or some combination. If they become dissatisfied with one fund manager, they could transfer to a new one. Pension fund management groups would operate on a similar basis to unit trusts. They would collect, pool and invest contributions on behalf of individuals. In return, individuals would be allocated accumulation units whose transfer values would be published daily. They could transfer between fund managers by exchanging existing units at the current bid price for units in the

preferred scheme at the offer price. This resolves the problem of transfer values: they are executed at market values. The administrator executes these instructions to ensure that the proceeds are duly reinvested. The investment income and realised capital gains in the fund would accrue free of income and capital gains tax.

The pension age would be flexible and an individual could draw the pension without actually having retired. The administrator would sell the units and buy an index-linked pension annuity from an insurance company. The annuity would depend on the size of the accumulated fund, the life expectancy of the individual, and the anticipated inflation rate.

The pension scheme would therefore, in practice, be a money-purchase scheme. However, a pension scheme related to salary could also be designed. It could not be a strict final salary scheme, since it would always be possible for an individual to negotiate a "final" salary from the employer that exceeded previous salary experience and hence the contribution record.

Nevertheless, it would be possible to design a scheme based on career-revalued earnings. The revaluation factor could be related to national average earnings (as with the state earnings-related pensions scheme), or retail prices. Salary-based schemes are clearly feasible because, in the long term, real investment rates and the real growth rate in

earnings are positive, averaging between 2 per cent and 3 per cent.

Given these rates, an appropriate contribution rate and a sufficiently long contribution record, the required fund size at retirement could be expected with a high degree of probability. After all, this is nothing more than what occupational schemes already promise. What is proposed here is that the scheme is provided by the market, rather than the company.

The pension annuity would be fully linked to retail price inflation. There is no real reason why real pensions cannot be guaranteed. Since the state is largely responsible for inflation, it might be necessary for it to insure pension increases above a certain rate of inflation. This might be necessary if, during some periods, investment returns did not keep up with inflation. Nevertheless, compensation for inflation is a valuable right and the state might charge an insurance premium in return for providing this right. Part of the pension entitlement could be taken as a (taxable) lump sum. It would also be possible to buy related pension benefits

such as death-in-service benefits and a spouse's pension.

Pension scheme members would be provided with regular information about their schemes in the same way that shareholders receive information about their companies. The remuneration to the organisations involved in providing the schemes (i.e., scheme administrators, fund managers and annuity providers) would be determined competitively and be published, but should not be front-end loaded. In other words, there should not be a high initial fixed charge that in effect ties an individual to a particular, and possibly inefficient or uncompetitive, organisation. Finally, the pension industry would be supervised by a regulator who would also operate a compensation scheme in the event of fraud or malpractice, financed by a levy on all pension funds.

What are the advantages of such a pension scheme? Most importantly it personalises pension arrangements in precisely the same way that most other financial matters are personalised. In doing this, it eliminates all the potential conflicts of interest between the employee and the company, or between the early

leaver and the long stayer. Further, it explicitly identifies where responsibilities lie: the employee and the employer for making adequate and timely contributions, the administrator for operating the scheme; the fund manager for running the pension fund for the benefit of the pensioner; the insurance company for providing the pension annuity; and the state for compensating the pensioner for "excessive" inflation and for regulating the industry.

How should the present pension system in the UK be changed? Existing occupational schemes could be closed to new members and allowed to die a natural death, although this would take the best part of a century to occur. A more radical proposal would be to introduce the changes immediately. Companies would recover either surpluses or fund deficits and the remaining pension fund assets would be utilised and allocated to personal pension funds.

To reduce break-up costs and financial market uncertainty, occupational schemes would establish themselves as independent administrators running the individual funds of the former occupational schemes. They could immediately compete for new business and individuals would be free to transfer their units elsewhere. Natural inertia would minimise financial market disruption.

Protagonists of occupational pensions claim that few personal pension scheme members would end up with pensions worth two thirds of final salary because such schemes cannot guarantee a pension at retirement that is linked to final salary, as with occupational schemes. The counter-argument is when the rights of early leavers are so poor and when the average individual changes jobs four times during his or her career, how many members of occupational schemes actually end up with such a pension under current arrangements?

To implement the ideal pensions scheme will take a Pension Act. This was first suggested to the Wilson Committee in 1980 but the pension funds persuaded the committee against it. There can be no further delay. The author is Senior Lecturer in Financial Economics at Birkbeck College, University of London.

## THE TIMES CITY DIARY

### The 8 billion pound man

FOREIGN exchange traders, practised in the use of Cockney rhyming slang — with sterling-dollar known as Betty Grable because it rhymes with sterling cable — have invented a new monetary unit. After government intervention in support of the pound, units of £8 billion are now being referred to as "lamonts". Adding to Norman Lamont's woes, Ron Pollard, ex-Ladbroke, the man who invented political betting in the sixties, says that the odds on the Chancellor's resignation "by Sunday night" are such a certainty that he would not offer a price. "The only question is whether Major will go down with him," says Pollard. He would offer odds of 5-2 on Major still being prime minister at the next Budget, 7-4 against. As for their successors, Pollard cites Kenneth Clarke as the "odds on favourite" to become Chancellor, with Heseltine favoured to succeed Major, followed by Clarke (2-1) and Douglas Hurd (7-2). "But deep down I think Hurd will be our next prime minister," says Pollard. "The British public does not choose the prime minister, Tory MPs do, and many of them blame Heseltine for the fact that Thatcher is not there now to deal with this mess. They would see Hurd as a safe pair of hands."

### Bunker games

SO WHO gave *Newsnight* the brilliant idea of doing its "crisis" coverage on Wednesday



Pollard: shrewd observer

night from Churchill's Whitehall bunker? Not Jeremy Paxman, but Charles Morgan, a Kleinwort Benson man who that morning had had a letter published in *The Times* asking whether the Germans now regard economics as "the continuation of war by other means". *Newsnight* pounced on the idea, playing on the cabinet's bunker mentality, and brandishing Morgan's letter on air — a moment of glory that Morgan, stationed all night at his desk, missed. He is now desperate to see a video of the programme so if anyone happened to record it, Morgan's your man.

### Eastern promise

AWAY from the temporary turbulence of its UK equity raise, UBS Phillips & Drew must be taking some comfort that things are progressing rather more smoothly in its Far Eastern division. Insisting that it is purely coincidental, UBS P&D has effectively re-assembled the

Far Eastern team that operated at Rowe & Pitman/Warburg Securities in the early to mid-eighties. Harry Wells, 38, is due to start in a week's time as the new head of Far Eastern equity sales in London. Wells, at present with Credit Lyonnais, was managing director of Rowe & Pitman's Hong Kong office in 1980. In October, he will find his new P&D team boosted by the arrival of Richard Bonsor, 45, from Matheson Securities, as a director of East Asian equities. Out in Singapore, meanwhile, will be Mark Hadsley-Chaplin, 31, who this week moved from the Warburg office there to P&D, as the most senior member of the team, and Mark Kan, previously with GK Goh, who will join in November as head of the dealing desk. A spokeswoman said: "This team is a new entity, intended to give us a real presence in East Asia."

### Sush... GEC

AN UNGUARDED moment in the discreet inner sanctums of Aykoku Kaku, a Japanese restaurant near Cannon Street, left two diners intrigued one lunchtime this week. As the City eavesdroppers tucked into their *sushi*, the door to one of the private rooms opened to show a gathering of murmuring Japanese. Above the murmur came the boom of a phunny English voice enquiring: "So when do we hit GEC?" The two diners left before the identities of the party were revealed, but perhaps Lord Weinstock should be told.

CAROL LEONARD

## UK has paid for German unity

From Mr Philip Turner Sir, Having warned in a letter to *The Times* (January 8, 1991) about the perils of the exchange-rate mechanism, I feel entitled to another crack. The current upheaval in the ERM is in fact a Deutschmark crisis. Although the UK press have liked to call it a sterling crisis, it has only been made so by the less than clever handling of the situation by Mr Lamont.

It is now clear to all that Germany's domestic preoccupation with the high costs of reunification and its gradual loss of competitiveness must not be allowed to set economic policy for the rest of Europe, whose problems are of a quite different and less intractable nature.

What has occurred in the last few days is not the fault of speculators but of an unworkable and undesirable policy. Foreign exchange markets

know a one-way street when they see one.

Until now, the UK has borne a huge cost for these mistaken policies in terms of lost output and unemployment as we, in effect, helped to pay for German reunification and ultimately to strengthen the position of our major competitor.

Having temporarily broken free, it would be a tragedy if we rejoin the ERM again before Germany's special problems are resolved.

The clear strategy is to allow sterling to float freely for the foreseeable future and adjust present interest rates downwards to a level (far below present rates) more appropriate for the parlous state of the national economy. Yours faithfully, PHILIP G. TURNER, Wassall Plc, 39 Victoria Street, SW1.

## Punitive VAT rate deters consumer spending

From Mr Anthony Trotman Sir, Whenever members of the government appear on television news bulletins they look mystified as to why the public is not spending more money. It never seems to occur to them that the high rate of value-added tax is responsible.

I have recently had to have the exterior of this old house re-painted. The VAT I had to

pay on the bill was the equivalent of £1 for every day of this leap year. I could have bought quite a few requisites for this £366 in the high street. It will be quite some time before another opportunity recurs. Yours faithfully, ANTHONY TROTMAN, 17 Eastcourt Road, Salisbury, Wiltshire.

## Indian lesson on company losses and salary

From Mr Anthony Good Sir, I was interested to learn on a visit to India, from which I have just returned, that Indian company law carries a provision compelling directors to take a 10 per cent cut in pay if their company moves into loss.

Is this not an example that we should follow? Yours truly, ANTHONY GOOD (Chairman), Cox & Kings, 39 Bullingham Mansions, Kensington Church Street, W8.

# INTERIM 92 ANNOUNCEMENT

Half year to 30th June 1992

## Highlights of Unaudited Group Results

	1992	1991
TURNOVER	£1,404.6m	£1,284.5m
PROFIT BEFORE TAXATION	£62.1m	£69.9m
EARNINGS PER SHARE	12.1p	15.3p
DIVIDEND	6.6p	6.6p

**RMC**  
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Operating internationally in Austria, Belgium, France, Germany, Hungary, Israel, Netherlands, Portugal, Republic of Ireland, Spain, United Kingdom and USA.







## Portfolio

## PLATINUM

From your Portfolio Platinum card check your daily share price movements on this page only. Add them up to give you your overall total and check this against the daily dividend figure. If it matches you have won outright a share of the daily prize money. If you win, follow the claim procedure on the back of your card. Always have your card available when claiming. Game rules appear on the back of your card.

No	Company	Group	Price	1992 High	1992 Low	Change	%	Div	Yield	P/E
1	CPH	Building, Rtd	100	100	100	0	0	0	0	0
2	Scott & New	Breweries	100	100	100	0	0	0	0	0
3	Victors	Industrial	100	100	100	0	0	0	0	0
4	First Nat Fin	Banking, Rtd	100	100	100	0	0	0	0	0
5	Prudential	Insurance	100	100	100	0	0	0	0	0
6	Investor MIM	Financial Times	100	100	100	0	0	0	0	0
7	Alumina	Industrial	100	100	100	0	0	0	0	0
8	London & Man	Insurance	100	100	100	0	0	0	0	0
9	Geest	Food	100	100	100	0	0	0	0	0
10	Unilever	Mining	100	100	100	0	0	0	0	0
11	Sedgwick	Insurance	100	100	100	0	0	0	0	0
12	Macfarlane	Industrial	100	100	100	0	0	0	0	0
13	Mielewa	Industrial	100	100	100	0	0	0	0	0
14	Remkell	Chemicals	100	100	100	0	0	0	0	0
15	FR Group	Motor, Rtd	100	100	100	0	0	0	0	0
16	Storehouse	Drugs, Rtd	100	100	100	0	0	0	0	0
17	Mowlem (I)	Building, Rtd	100	100	100	0	0	0	0	0
18	P-E Internl	Building, Rtd	100	100	100	0	0	0	0	0
19	Johnson Clean	Industrial	100	100	100	0	0	0	0	0
20	Sage Gp	Electrical	100	100	100	0	0	0	0	0
21	Bracewell	Insurance	100	100	100	0	0	0	0	0
22	Dairy Farm Int	Drugs, Rtd	100	100	100	0	0	0	0	0
23	Wardlaw	Motor, Rtd	100	100	100	0	0	0	0	0
24	Booker	Food	100	100	100	0	0	0	0	0
25	Meyer Int	Building, Rtd	100	100	100	0	0	0	0	0
26	As New 2	Banking, Rtd	100	100	100	0	0	0	0	0
27	Kwik-Fit	Motor, Rtd	100	100	100	0	0	0	0	0
28	Br Airways	Transport	100	100	100	0	0	0	0	0
29	ASW	Industrial	100	100	100	0	0	0	0	0
30	Cherford	Property	100	100	100	0	0	0	0	0
31	Sturge Hldgs	Insurance	100	100	100	0	0	0	0	0
32	Woodside	Oil, Gas	100	100	100	0	0	0	0	0
33	Avon Rubber	Industrial	100	100	100	0	0	0	0	0
34	GRE	Insurance	100	100	100	0	0	0	0	0
35	Harmony	Mining	100	100	100	0	0	0	0	0
36	AB Food	Food	100	100	100	0	0	0	0	0
37	Thames & Birm	Transport	100	100	100	0	0	0	0	0
38	Laing (I)	Building, Rtd	100	100	100	0	0	0	0	0
39	Transport Dev	Transport	100	100	100	0	0	0	0	0
40	BM GP	Industrial	100	100	100	0	0	0	0	0
41	E Rand Gold	Mining	100	100	100	0	0	0	0	0
42	Greasey	Electrical	100	100	100	0	0	0	0	0
43	Soton Health	Industrial	100	100	100	0	0	0	0	0
44	Br Polystyrene	Industrial	100	100	100	0	0	0	0	0

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Please take into account any minus signs

Weekly Dividend

Please make a note of your daily totals for the weekly dividend of £4,000 in tomorrow's newspaper.

MON TUE WED THU FRI SAT SUN

The £2,000 Portfolio Platinum prize was won yesterday by Mrs S Disney of Hampton, Middlesex.

1992 High Low Company Price 1992 High 1992 Low Change % Div Yield P/E

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120 240 240 240 240 240 0 0 0 0 0

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170 240 240 240 240 240 0 0 0 0 0

## Gains extended

ACCOUNT DAYS: Dealings began September 7. Dealings end today. Settlement day Monday. Settlement day September 28. Forward bargains are permitted on two previous business days. Prices recorded are at market close. Changes are calculated on the previous day's close, but adjustments are made when a stock is ex-dividend. Changes, yields and price/earnings ratios are based on middle prices.

1992 High Low Company Price 1992 High 1992 Low Change % Div Yield P/E

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1992 High Low Company Price 1992 High 1992 Low Change % Div Yield P/E

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# How the law-breakers escape

**Matthew May**  
discovers why  
companies are  
reluctant to report  
computer crime

The Computer Misuse Act became law two years ago and introduced three criminal offences punishable with unlimited fines and up to five years' jail. The Act covers anything from unauthorised hacking into computer files to the more serious crimes of destroying data using viruses and breaking into a computer with the intention of committing a further offence, such as theft.

There have been few prosecutions and this could be seen to mean that the new law has been a deterrent. Computer experts, however, are convinced that misuse is still rife. They are also worried that the ability to damage a computer system is becoming even easier with the advent of programs that contain ready-to-go viruses, so that disenchanted employees and others do not have to be computer-literate enough to write their own programs.

For example, Virus Construction Lab (VCL), a program recently discovered in the United States, promises to make virtually anybody into a "computer terrorist". VCL offers a huge range of viruses, from the merely annoying that flash messages on a computer screen to those designed to destroy the information held in a system.

"The programs are fairly primitive and their effects are not too difficult to sort out," says Edward Wilding, the editor of *The Virus Bulletin*, a monthly newsletter, "but there is considerable worry that they will soon become more sophisticated and a real danger to company computer systems." In Britain, the term "hack-mailer" has arrived, referring to people altering programs so that they will not run properly, usually after a certain date. Their use ranges from straight-forward criminal demands for money to the legal minefield of individual freelance programmers or small software houses placing such "logic bombs" in a client's programs, with the threat of activating them if they are not paid.

Mr Wilding says: "We are finding

**'Programmers are using logic bombs in clients' software to ensure payment'**

contract programmers using logic bombs to ensure that their continued services are required. This is illegal under the Computer Misuse Act, although it becomes more arguable if their intended use to ensure payment has been outlined in the small print. Estimates of the amount lost in the UK from crimes involving the use of computers vary but all are huge, ranging from £400 million to £2 billion a year. So why have there been so few prosecutions under the Computer Misuse Act? According

to a report prepared for the trade and industry department by Coopers & Lybrand, the management consultancy, and published this week, one reason is that most companies will not report cases of computer misuse. This is particularly true where a member or former member of staff is

involved. Most known computer crime cases are in this category.

The report, "Dealing with Computer Misuse", says embarrassment is a main discouragement. "A prosecution would indicate a weakness in their business systems to shareholders, potential customers and competitors, which could undermine their confidence in them," the report observes.

Mr Wilding says: "Companies just will not prosecute and corrupt programmers are still able to move on to other companies because everybody is keeping quiet. We advise organisations that contact us to tell the Metropolitan Police computer crime unit, but we do not pass on details of the companies concerned."

The lack of prosecutions has made the problem worse, the report says. Companies fear there could be a lot of public interest in the first few large cases, creating unwanted publicity.

Even worse, companies doubt whether they would derive any direct

benefit from prosecution because "unlike a civil claim, there is no restitutive element in a prosecution for computer misuse, nor any possibility for compensation". One answer could be to make it obligatory to report misuse to some central authority. Coopers & Lybrand rejects this as too difficult to enforce and says it could set an unjustifiable precedent.

Instead, the report outlines less severe options, such as encouraging the public sector to proceed with cases to reduce the novelty value, or persuading insurance companies to put pressure on companies to report cases.

However, unlike other crimes, such as fraud, where companies are seen as far more willing to pursue prosecutions, the report found little evidence that businesses have insured them-

selves against the consequences of misuse. Until that happens insurance companies cannot press companies to prosecute.

Some companies also say they are reluctant to use the Act because of concern about the police's technical ability and resources to get a conviction. This fear is unfounded, the report says, partly because the low use of the Act means that the police resources for computer crime are adequate, but it recommends increasing the number of officers with an expected rise in prosecutions.

However, unless companies become more willing to report misuse, the hackers who attack the right company need fear prosecution far less than they would if they indulged in more traditional crimes.

**Some businesses fear the police lack the resources to get convictions**



Virus warning: "There is a worry that the programs will soon become more sophisticated and a real danger," Edward Wilding says

## Your office in the air

Business passengers will soon be able to keep working on flights

Business passengers on commercial airlines used to be able to sink into their seats and forget their worries. However, thanks to computer and satellite technology, they will soon no longer be incommunicado as fax machines, electronic mail and "airphones" will reconnect them to businesses.

The large airlines are using the innovations to add to their in-flight services to get a competitive edge. Designs for new planes include computer networks allowing passengers to continue working as if they had not left the office. In the United States

Northwest Airlines has begun installing "interactive video units" in all its Boeing 747s. Such systems allow passengers to use a small video screen in the back of the seat in front to send faxes, make telephone calls

and hotel and car reservations, receive information about connecting flights, view video films, order drinks, food and duty-free goods and play video games. Northwest intends to add a satellite link so that it can show live television, including news coverage and sports events, and give stock quotes.

The seatback revolution is starting in airlines all over the world. Air Canada offers only seatback telephones. Passengers must wipe their credit card through a magnetic reader to use the telephone and pay £2.50 a minute for international calls, plus a flat connection fee of £2.50 a call. The telephones are

available throughout the aircraft, while most seatback technology is available only in first or business class.

Virgin Atlantic is more concerned with using technology to improve in-flight entertainment. Last year, Virgin became the first airline with individual colour seatback screens for every passenger on its wide-bodied aircraft. During the past year, the company has installed colour, 4in and 6in seatback displays in its 747s and offers a choice of six on-board television channels. Richard Branson, Virgin Atlantic's chairman, an enthusiast for on-board

video services, offered individual portable video machines to passengers in his "upper class". Virgin's half-way house between business and first class, for in-flight use before seatback video systems be-

came available. British Airways is spending millions on seatback video systems in first and business class.

Lufthansa is investing in an interactive video system, for all the new Airbus A340s planes it is buying next year to replace its ageing DC-10s.

Figures released earlier this year by the World Airline Entertainment Association indicate that by 1995 the number of aircraft offering a video entertainment system will be double the number in 1989 when the systems were first widely offered.

GEORGE WHEELWRIGHT



Technology shows that projection is often better than reflection

## Looking-glass fantasy

Walt Disney's fantasy of the talking mirror which flattered Snow White's wicked stepmother and gave her a beautiful reflection has come a step closer.

An Anglo-German team has developed an electronic mirror. When a person is present, it displays three-dimensional messages, images, advertisements or pastoral scenes, accompanied by a soundtrack.

Used in a bathroom during morning ablutions, it could replace a bath's haggard appearance with a tanned and youthful image as captured on a holiday transparency loaded into the device. Meanwhile, the sound system could offer compliments or, for extra morning pep, play a military march or the 1812 Overture.

The device has been developed by EC Tronics, of Brighton, and was unveiled this week at the Seaboard Technology Fair. At its heart are a microchip and an infra-red beam. When somebody stands near the mirror, the beam detects the presence and a sequence of up to ten pre-set images and a synchronised recording are triggered.

Owners of the device, called the Audio-Vision Mirror, can load their own transparencies and record their own soundtracks. The system has a powerful, low-voltage halogen lamp, which illuminates the scenes. Potentially, the system could be developed to carry moving images or to sense the sex of the person standing before the mirror.

John Shouler, a director of the company, says the mirror is attracting enormous interest. In January, the company



If you want to improve the truth... the Audio-Vision Mirror can show ten pictures

will ship its first order of 10,000 to the Continent, where they will be used to display menus in German coffee houses.

Mr Shouler says the applications are limitless: "It could be used by a company advertising its products, a hotel advertising its services or a golf club advertising its facilities. One company has suggested we could apply it to safety applica-

tions. As a person goes from a safe area to a hazardous area in a factory, the mirror could alert him to the dangers."

Other commercial uses foreseen for the mirrors, which come in different sizes, include displaying railway timetables and services. In art galleries or the home, such a mirror could be used to display pleasing paintings by famous artists, while in the bath a vanity

version could be programmed to show mountain streams and loobers accompanied by Sibelius's *Finlandia*. "You can do what you like with it," Mr Shouler says. "If you want to stand in front of it and hear it say, 'Mirror, mirror, on the wall... it can be done. It will appeal to vain people, I suppose.'"

NICK NUTTALL

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### FOOTNOTES

□ Unofficial copying of software for Apple Macintosh computers is costing more than £20 million a year, says the Federation Against Software Theft. The federation has just published the result of an 18-month survey.  
□ Sony's new minidisc hi-fi system will be in stores

around the world by the end of the year, in time to compete with rival digital compact cassette systems for the Christmas market.  
□ Japan's Sanyo Electric and Thomson Consumer Electronics of France have developed a semiconductor chip that simplifies colour television manufacturing by allowing adjustments to be made by computer instead of by hand.

### Briefcase Encounter.

Tues 15 Sept 1992: Toshiba launch new range of entry level notebooks. T1800 386SX 20MHz has 40Mb hard disk, 2Mb RAM, 64 shade high contrast display, 5 hour battery. Available today. Morse price £935. Morse also have news of 25MHz T1850 and T1850C with colour LCD.

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# Hey presto for business

Electronic data interchange (EDI) could change the face of trading in Britain. Jane Bird reports

Anyone who has been promised that "the cheque is in the post" knows the problems of paper-based trading. Even when the cheque finally arrives, it may be payable to the wrong person or filled in for an incorrect amount.

From invoices and shipping advice to remittances and banker's orders, the problems are the same: paper can be slow, unwieldy and prone to error.

Now technology is coming to the rescue, with a computerised trading technique known as electronic data interchange (EDI), which is faster, cheaper and much more accurate.

The idea emerged in the mid 1980s, when computers and telecommunications equipment had been installed in companies for a wide range of activities, from production and distribution to accounts and marketing. Extending computer links beyond the company was the next logical step.

This enables a retailer to place electronic orders with a supplier, who can then transmit a shipping advice note when the goods are dispatched. Invoices and remittance advice can also be generated automatically.

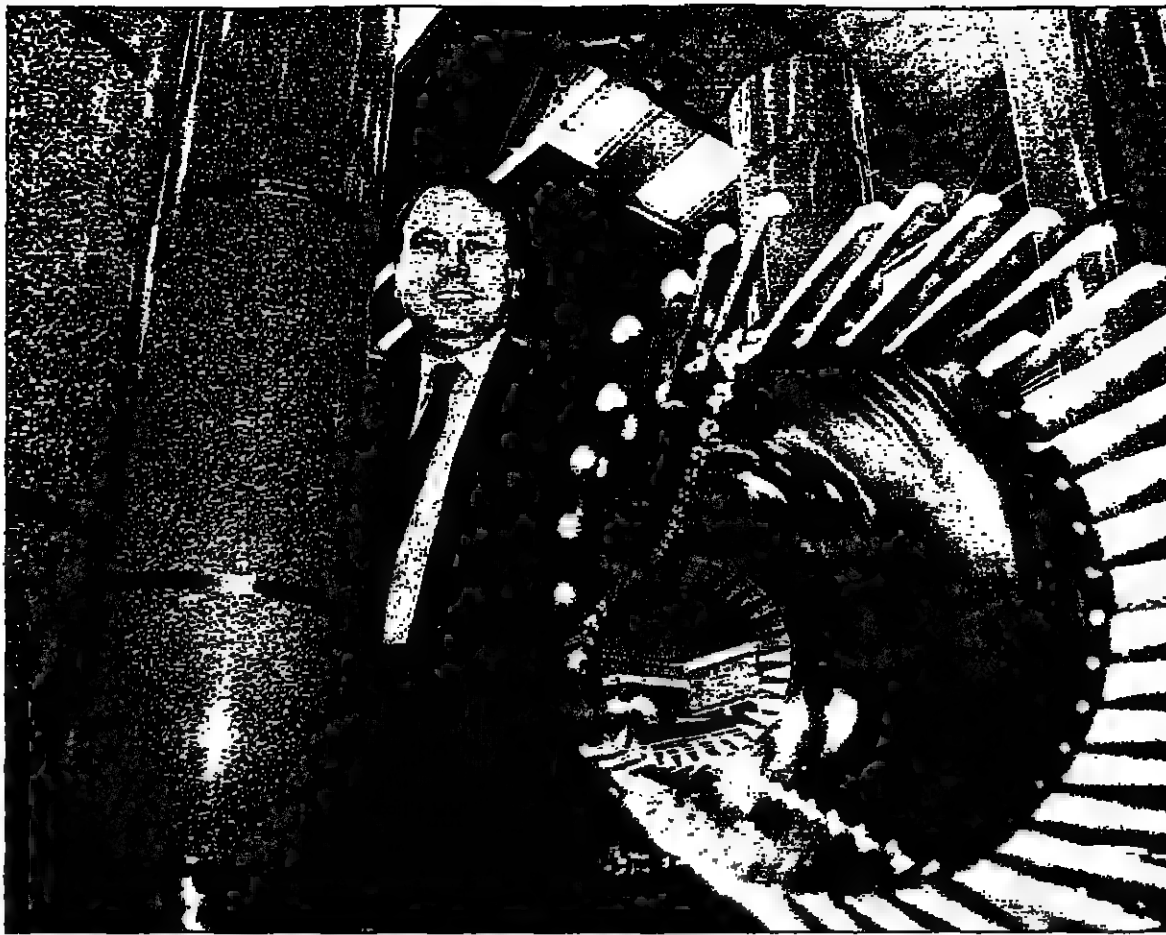
More than six thousand companies in Britain are estimated to be using electronic trading. They range from corporations to small businesses, and forecasts suggest that within the next two or three years, EDI will be used by more than 50,000 firms worldwide.

Speed is a big bonus. Data sent by post or processed manually can take days or even weeks. EDI takes less time than sealing an envelope, so orders can be placed and confirmed in seconds.

By eliminating manual processes, EDI reduces the opportunity for mistakes. Research shows that around 70 per cent of information being entered into computers has previously been printed out by other computers. At each stage, inaccuracies may creep in. Some 40 per cent of invoices sent or received by European companies contain errors, and the statistics for inaccurate purchase orders and dispatch notes are just as bad.

Electronic trading can reduce costs too. One study in the United States claims that switching to EDI can reduce the cost of processing a form by nine-tenths.

These cost-cutting and time-saving



Paul Padley with communication cable seals: "Orders from customers are fed directly into the computer"

factors attracted Paul Padley, information services manager of Raychem, which has implemented EDI at its manufacturing plant in Swindon, Wiltshire, where it makes heat-shrink-

Padley's list for transition to EDI, in preparation for the single European market.

The motor industry has also been using EDI as an effective method of keeping in touch with its many dealers and supplying spare parts more quickly.



"Orders from customers such as BT and British Aerospace are fed directly into the computer, and instructions are generated for warehouse staff," says Mr Padley. "Staff can then package the goods, label them with appropriate part-numbers for individual customers, and dispatch them by 5pm the same day. Our aim was to process orders more quickly, and especially more accurately. By minimising human contact with the business transaction, we have dramatically shortened the cycle time."

Customs declarations are next on Mr

push inventory further and further back up the supply chain, so that the person who does not have EDI is the one left holding all the stock," says Colin Billinge, the marketing

director of International Network Services, which runs Britain's biggest EDI network.

Although it is technically feasible to set up EDI links directly with customers and suppliers, this can become difficult as a network grows. So most EDI is conducted through a third-party network service, such as INS or BT's Edinet.

The multiplicity of services does create problems, because they tend to require data in different forms. "As yet there are no definitive standards," says Mr Padley. "There is always a discretionary element which tends to mean everyone does something different."

Further difficulties are emerging as EDI users attempt to "close the loop" and round off their electronic transactions with automatic payment. Banks have often locked customers into proprietary systems, although work is now proceeding on common standards, which will allow customers to switch freely between different banks.

A conference on electronic data interchange, EDI 92, will take place at the International Convention Centre, Birmingham, October 6-8.

## Britain takes the lead in Europe

More trade by electronic links is predicted as the single market approaches

There are between 6,000 and 7,000 users of EDI in the UK, including one in four of all organisations with more than 100 employees. This number is expected to grow by 25 to 30 per cent a year during the next few years, according to a survey by PFA Research, a specialist EDI consultancy.

The businesses that have taken the plunge are expected to increase the volume of electronic messages passing between trading partners at least fourfold by 1995.

Traffic over INS, one of the UK's leading EDI networks, has grown by 50 per cent this year, and other large networks, such as AT&T-Easylink and IBM, have had similar growth.

IBM says eight gigabytes of UK data pass over its European network, out of a European total of 12.5 gigabytes, showing that the UK is well ahead of the rest of Europe.

However, the PFA survey, which covered 1,100 companies, estimates that only 3 per cent of business transactions in the UK are transmitted electronically.

"EDI used to be only for the brave," says Jim Wilkinson, the managing director of AT&T-Easylink UK, "but now it is becoming much easier to justify expenditure on it."

Lee Tate, the managing director of INS, admits, however, that this happens only when a large retailer has written to suppliers telling them politely that they should accept orders electronically, or else they cannot expect any more business. Nearly half the businesses adopting EDI did so because of pressure from an important customer, against 37 per cent who do it to "improve business performance", the survey says.

The survey reports that only 11 per cent of established users say they have derived no benefit, whereas nearly half claim improved speed, 35 per

cent error reduction and 30 per cent administrative savings. One development is that businesses that started EDI as more or less unwilling "spokes" to a dominant "hub" customer, are themselves becoming hubs by persuading their suppliers to trade with them electronically, spreading EDI down the supply chain.

EDI is still largely for domestic trade — only 15 per cent have EDI transactions with overseas trading partners, though the advent of the single market next year is changing this. INS, for example, has seen 200 overseas customers link to UK companies during the past two years and expects many more as large retailers such as Tesco and Boots trade electronically with their European suppliers.

One surprise of the survey is that 95 per cent of users are said still to pass their electronic messages through the specialist EDI networks.

Experienced EDI users were always thought likely to abandon these for direct connections once they no longer needed the useful but expensive training, security and auditing services that these network operators can provide.

EDI is becoming international. Another surprise of the survey is the prevalence of the Edifact message standard, the international Esperanto of EDI, adopted by 43 per cent of the users. Although Tradacoms, the older "national" computer language of EDI, meant purely for the UK, is still dominant, it is only just so. Altogether 58 per cent of customers use Tradacoms and 43 per cent Edifact. The balance is expected to tip the other way.

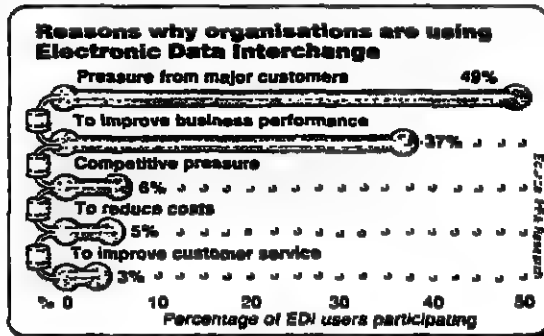
Government departments are increasing their use of EDI and are bound by European Community rules to use the international standard. In the past, EDI in the UK has been administered haphazardly, on an industry-by-industry basis. To reflect the growth of the market, the various EDI groups are expanding.

The Article Numbering Association (ANA), which has driven EDI in retail, has doubled its permanent staff of standard makers, consultants and marketing people, while the EDI Association, which started in the transport industry, has taken on special interest groups for government and education, and is changing from being a purely voluntary organisation.

In the past, there has been creative tension between the two bodies, which have worked with different standards. The ANA has been more concerned with domestic trade and the EDI Association has concentrated on international trade and finance.

The single European market and the widening of EDI over all sectors of the economy has made this split increasingly harmful, and this year the two bodies have been co-operating, particularly on defining what industry needs from the banks to achieve successful electronic payment systems.

RICHARD SARSON



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# Retailers go on line

**B**ritain's lead in the use of electronic data interchange (EDI) is creating an increasing international dimension to exploit the advantages of electronic trading in retailing.

Although supermarket chains have been in the forefront of EDI development, non-food sectors are also making advances. Among them is B & Q, the market leader in do-it-yourself retailing, and part of the Kingfisher group, which owns Woolworth.

B & Q is so committed to EDI that it now tells new suppliers: "We will only deal with you electronically."

Des Lee, B & Q's information technology director, has had long experience with electronic systems, first at Rowntree Mackintosh, the food and confectionery manufacturer, then in insurance at Lloyd's of London.

B & Q uses suppliers in many countries, from north America to the Far East, as well as on the Continent. Most of its British suppliers trade with B & Q electronically, and it is also working on problems such as different payment methods in other countries.

"We work to the quick-response philosophy, so our stocks are at an absolute minimum," Mr Lee says.

**The days of guesswork about stock levels are ending, as Britain's big stores adopt new systems, reports Derek Harris**

"Yet if you do not have the goods on the shelf, you do not sell them."

Some gardening products, such as plants, have a limited shelf-life because peak condition has to be achieved and maintained, but these supplies have now been fully integrated into the EDI system.

Quick response may be good for the retailer but what about the supplier? "It is all very well screaming at a supplier for product delivery but the problem is that the supplier in turn will be working to a just-in-time philosophy to achieve the best stock control," Mr Lee says.

The best way to resolve the two approaches, he believes, is good forecasting. But this can raise its own problems.

"You know what should sell at different seasons — and so on — but you can get it wrong if you are not extremely careful and agile," Mr

Lee says. "Otherwise, you can have no product when you need it and loss when you do not."

Another bluechip retailer with a burgeoning international EDI network is the Sears group, which has retailing interests including Selfridges, Olympus sports goods and footwear chains, including Dolcis, Saxone, Lilley & Skinner, and Freeman Hardy & Willis.

Sears, which has 15,000 suppliers around the world, began its drive into electronic trading earlier this year. By the end of the year, it expects to

have 100 key suppliers on an EDI network. Within three years, John Wheeler, head of the Sears group information systems, expects that most of the group's trade will be done electronically. "It will take time to get there because it is not just about waving pieces of technol-

ogy at people," he says. "It is about how we exchange information with our suppliers, about real partnership with suppliers and the two sides growing closer together. The EDI technology is simply a catalyst for such a change."

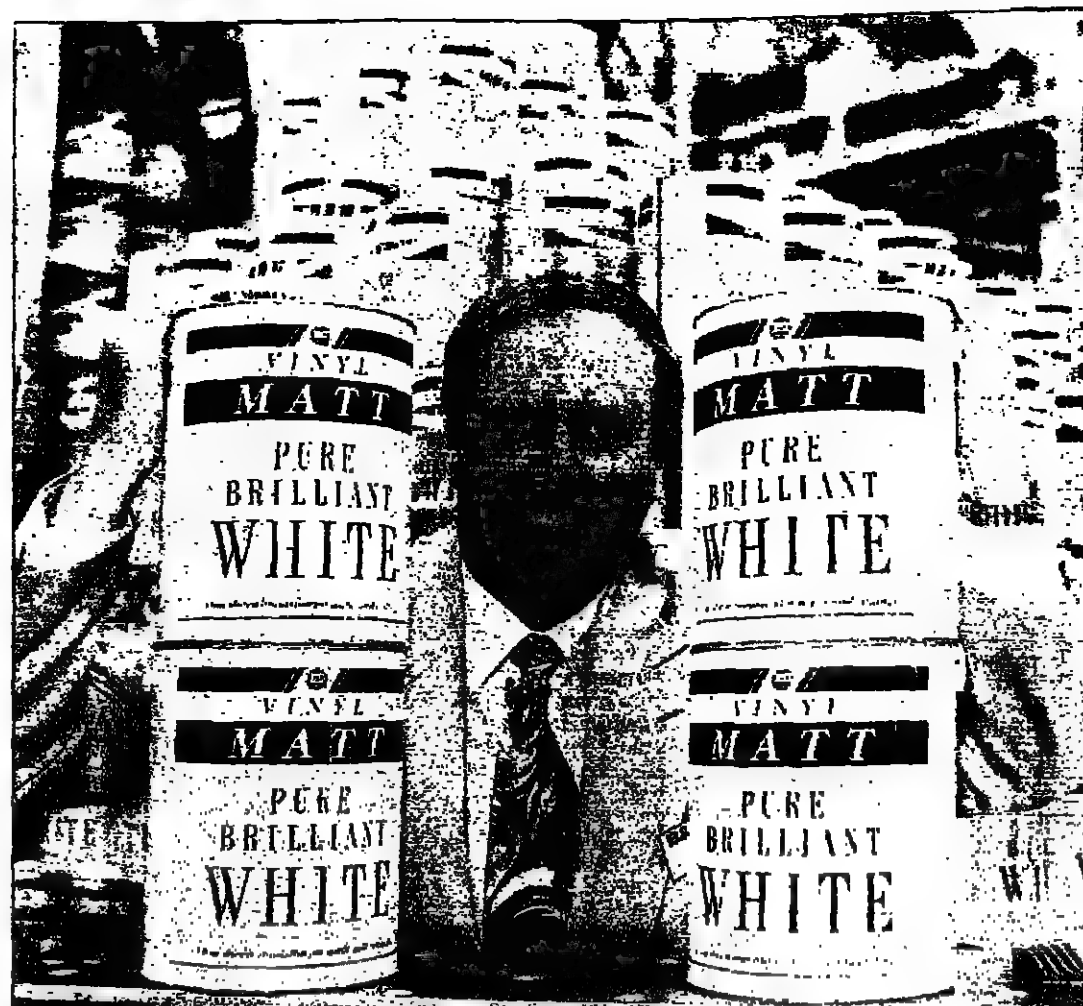
The Sears dictum, he adds, will be "to buy what we sell, not just to sell what we buy".

But it is in groceries that EDI is really taking over. MD Foods, a Danish co-operative, processes almost three-quarters of its domestic orders electronically and is extending the network to the UK, as well as targeting other European countries.

The co-operative produces 70,000 tonnes of butter a year and more than 200,000 tonnes of cheese. Half the world's supply of feta cheese comes from the MD farmers. Its best known brand in Britain is Lurpak.

MD already works electronically with Tesco Stores on orders and invoices. Another big supermarket chain now orders electronically from the co-operative and a third is to start soon.

According to Aksel Poulsen, MD's sales operations manager, "going electronic outside Denmark has moved furthest in the UK, which is the most developed market for EDI in Europe."



"If you do not have the goods on the shelf, you do not sell them," says Des Lee of B & Q

**'The UK is the most developed market for retail EDI in Europe'**

## Keying in the best security

**W**hen organisations start to trade electronically, they are often worried about what will happen if a message is sent ordering 500 widgets, and they receive 50,000 widgets.

Such legal and security concerns can seem an obstacle to the growth of electronic trading in Europe. However, these worries are usually based on a lack of understanding by company decision-makers of the nature of the technology.

There is, for example, an expectation of guarantees from technology that did not previously exist and were not even demanded from paper-based communications.

EDI security should be built on three separate levels: techniques to protect the information when in the network, procedures to restrict the use of a network and

agreements to specify the respective responsibilities and obligations of trading partners.

The first concern is that once a message enters the network, it becomes vulnerable to alteration. In general, networks are designed to comply with a range of international standards which ensure that data will not be corrupted during transmission.

Expert systems can be installed at a user's end to interrogate messages before they enter critical business applications, to check that the data falls within pre-defined boundaries.

The choice of communication protocol, by which data flows through the network, is the next level of protection for data. Both the X400 message-handling standard for EDI and the international Edifact message standard, contain built-in security features.

A second concern for users is network access, ensuring that a message can be sent only from an authorised person. The means of authentication may also have to satisfy statutory or regulatory requirements as to what constitutes a "signature", even when it is made electronically.

The mathematical nature of the algorithms prevents the private key from being discovered from the public key.

The general use and status of electronic signatures has yet to be explicitly accepted by English courts. However, case law has in the past been prepared to accept a wide range of different forms of authentication.

The implementation of audit procedures should also play a critical role in ensuring technical and legal security. For example, audit procedures enable compliance monitoring of statutory regulations, such as the Data Protection Act 1984, as well as contractual obligations.

IAN WALDEN

● The author is a solicitor with the Tarto Lyons information technology unit.



as a way to achieve digital signatures that cannot subsequently be repudiated by the sender.

This technique uses a matching pair of cryptographic keys, one for encryption, the other for decryption. The decryption key is kept secret, while the other is made

available to those with whom you want to communicate. The mathematical nature of the algorithms prevents the private key from being discovered from the public key.

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IAN WALDEN

● The author is a solicitor with the Tarto Lyons information technology unit.

## There are better ways to cut out paper.

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# Electronic banking beckons

Martin Whybrow predicts an increase in customer demand for automatic payment

The banking sector has been slower than most to embrace the idea of electronic trading or electronic data interchange (EDI). While others forged ahead, the banks stood back.

That is now changing, with banks actively marketing their EDI services and viewing them as a way to attract corporate business.

And about time too, a reasonable customer might respond. Ideally, customers would like to "close the loop" by automating the entire payment process. Although very few are doing this at present, banks are finally addressing the electronic needs of their customers, and this means that the necessary EDI infrastructure is starting to take shape.

There are several reasons for the banks' sluggishness, not all of which are the banks' own fault. For one thing, payment is the final stage of any trade cycle, and companies have had their hands full establishing links to their suppliers.

For another thing, making payments and sending remittance advice electronically is not especially easy. From the bank's point of view, connections have to be made to all sorts of customers in all sorts of industries. Unlike links with suppliers, banking EDI is not a closed community within a specific industry.

From the customer's point of view, automating the payments process can require tricky and lengthy changes to perhaps antiquated accounts systems. In addition, legal and security issues arise when it comes to using EDI to transfer money. For example, who bears the risk if a message is lost or changed? And is computer output acceptable as evidence in court?

Nevertheless, the main reason for the banks' reluctance to become involved in EDI is that they have difficulty in justifying the cost of the investment.

The benefits may be clear cut from the customer's point of view — better cash management and improved efficiency in company payments divisions — but what is in it for the banks?

As a result, the initial impetus came very much from the customers. And those who started to demand EDI payment services from their banks were primarily large corporations, so the banks had no alternative but to listen.

As the first EDI links between customers and banks were put in place, the banks suddenly found that they had reason enough to invest in the field, for failure to offer electronic payment might mean lucrative business passing to a competitor.

So EDI payment became a competitive weapon, and prompted by fears that customers might bypass them altogether, the banks slowly began to offer more services.

National Westminster Bank lists customers as diverse as the Sheffield Health Authority, Spar and Gillette, as users of its EDI service.

Tim Earles, senior product manager at Barclays, says: "At present, all banks are stating that they are doing much the same thing. In future, when we can give a fuller service, we will be able to say to the market, take on board our services whether or not you bank with Barclays."

At present, most of the EDI connections go merely from customer to bank and no further. The EDI loop will be complete only when the whole of the payment process is covered. This involves the payment message passing to the customer's bank, but also to the supplier's bank. The supplier's account is then automatically credited, and the supplier is advised accordingly.

One or two banks have established links between themselves for swapping EDI messages, but this is still very



Tim Earles of Barclays: the future lies with EDI

limited. A concerted effort for interbank EDI is only now under way.

The Society for Worldwide Interbank Financial Telecommunication (Swift) is the Brussels-based service company of the international banking community, set up some 15 years ago to provide interbank telecommunications. Around 25 banks are now linked in an interbank pilot system.

However, volumes of communication remain relatively low at present. Where more than one bank is involved in the loop, two customers and two banks are involved in each transaction, which means four computers and four business organisations must be adapted, says John Chavez of Swift. Furthermore, different countries have different payment formats.

But Swift's is not the only interbank initiative. In a rare example of co-operation, the four big UK clearing banks

the Royal Bank of Scotland have set up the Interbank Data Exchange (IDX) for exchanging payment messages. A pilot scheme ended in June this year, and other banks may now join. However, the volume of business remains low.

The benefits of EDI for corporate customers are currently the subject of a study being funded jointly by the IDB banks and the Department of Trade and Industry. This should be published in the spring, and reflects recognition of EDI by both the banking sector and government.

EDI is here to stay. "All large corporations we have spoken to are engaged with it," says Mr Earles. "If your competitor has EDI and you haven't, look out." And the same can now be said of the banks, and those that do not address the EDI needs of their customers may soon be losing business.

## Car makers set the pace for EDI drive

Unlike some sectors, British manufacturers are still not using electronic trading to its full potential. Yet, as the single European market approaches, they are ahead of their Continental competitors in the use of EDI systems.

Sony, for example, uses electronic trading to order components from its UK suppliers for the one and a half million televisions sets it makes here annually. The electronics giant, which takes about 750 different components from a dozen suppliers, estimates that EDI has cut delivery times by up to two-thirds since its introduction last year.

Colin Billinge, the marketing director of INS, a company that runs the Tradanet network, says that the adoption of EDI by manufacturers has been patchy at best. "The strongest area of EDI is in the retail sector," he says.

"The motor industry could legitimately say that it was one of the first users of EDI because of its 'just in time' production philosophy, and EDI has also taken off in the electronics industry, where a lot of components come from overseas countries."

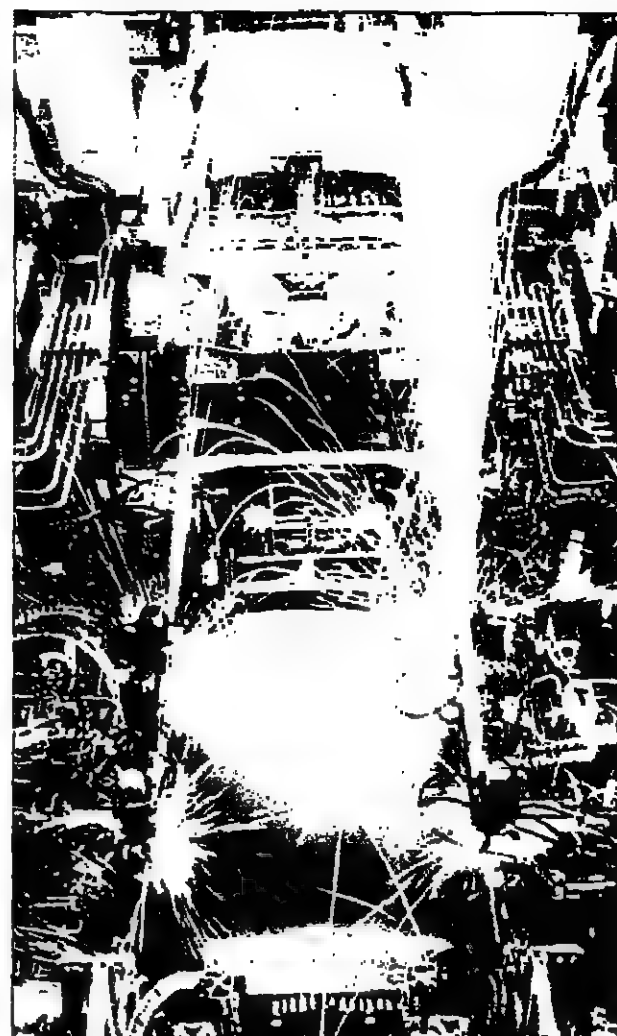
Jenny Proctor, EDI marketing manager for AT&T, one of the half a dozen companies that run EDI networks in Britain, says that one of the problems is the incompatibility between the different networks and a lack of agreed standards.

Black & Decker, for example, uses the AT&T network for communicating with its component suppliers but uses the INS network for its retailers.

Miss Proctor says: "It is not unusual to find companies trading on as many as five different networks. It is up to the network suppliers themselves to supply the links between the systems."

NCR manufactures automated telling machines for banks and building societies and in 1991 introduced electronic trading for its biggest suppliers.

Ron Dickinson, NCR's specialist in manufacturing systems at its Dundee factory,



Car production: first with robotics and EDI

says that the company has skipped the more common stages of electronic trading, order and invoice transmission, and put EDI at the heart of the production process. NCR uses the system to give suppliers forecasts of its needs, based on a materials requirements planning system.

Data is transmitted electronically to a supplier with a unique bar code reference number, which the supplier prints out and uses to label the parts container. Then it can be automatically identified and assigned to the correct production line for assembly.

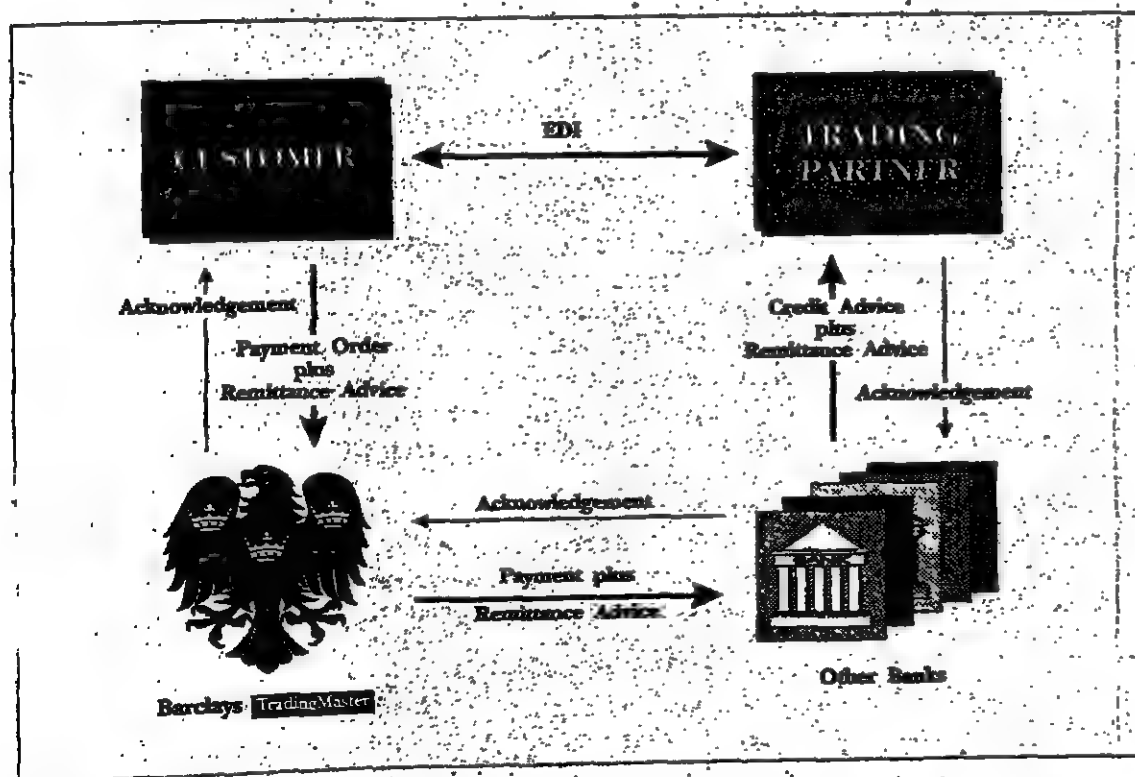
One of the reasons NCR is using electronic trading in this way is that for the pattern of ATM production has changed over the past few years. Customers increasingly require a machine customised to their requirements, which means that batch production of standard machines is no longer possible.

There are still many problems to be sorted out before EDI is fully adopted on the factory floor.

Until they are, the likelihood of electronic trading penetrating further into the manufacturing sector, even if it does improve efficiency, is limited.

SEAN HALLAHAN

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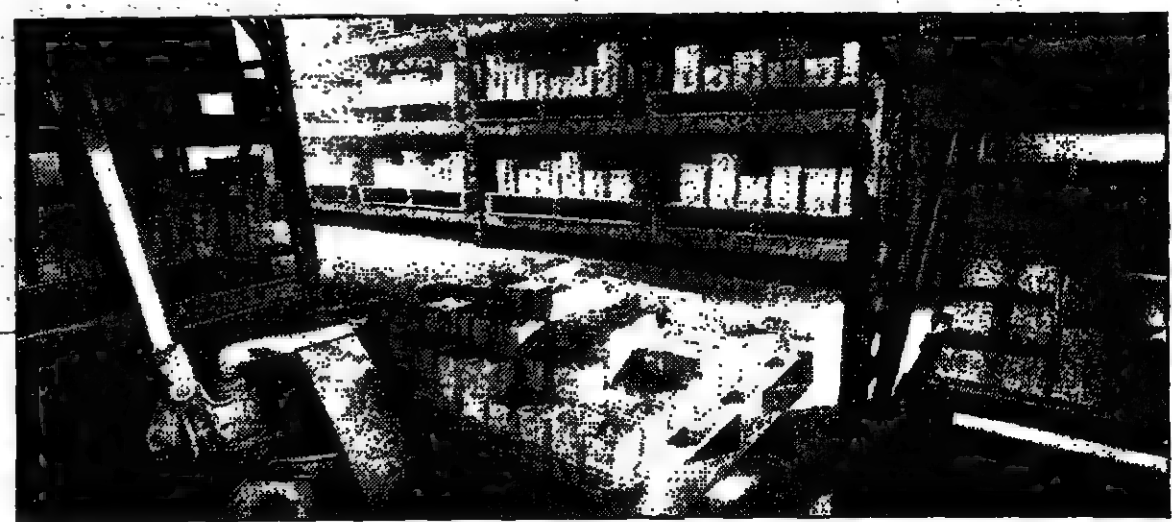
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A slow switch to electronic data could upset the trading advantages of the single European market, Kevin Willmott reports

## Green for go, or will customs snarl up?

An unprecedented opportunity for electronic trading in new customs and excise processes will start with the introduction of the single European market next year. The market will mean that most goods will no longer need to be cleared at borders.

More than 95 per cent of Britain's seven million import declarations are already captured electronically at ports, mostly through communities of clearance agents using systems known as direct trade input. From January 1, however, those declarations representing EC trade — more than half — will no longer be required, but customs will still need the information used to extract from them.

From the new year customs will require a quarterly EC sales listing from exporters with turnover of £60,000 a year or more, as well as a monthly statistical summary from importers and exporters with turnover between £120,000 and

£140,000 (the figures are still provisional).

Customs estimate that up to 90,000 of the 130,000 British traders involved in EC traffic will be affected by the sales listings, while the need for a monthly summary will involve between 25,000 and 30,000 of those companies. But there is no great stampede towards doing it electronically.

The customs has set up an electronic data-capture service to encourage the input of data by EDI on disc or magnetic tape. This service is already connected to the EDI networks of INS and IBM.

Although 3,000 trade specifications have been issued, customs has based its projections on only 2,000 companies submitting information via EDI. However, it has

no idea of what level of electronic reporting to expect, partly because information has been late in appearing. And, by setting low thresholds for VAT and statistical reporting, many non EDI-conversant companies are drawn into the net. There is also some complication in maintaining the different

VAT procedures for domestic trade, EC and non-EC trade. "Among traders, there is still a lack of awareness of what is required in three months' time," says Jim White, the director-general of the British International Freight Association. The association is lining up Bifanet, its software and network service, so a freight-forwarder will be able to act as a third party, submitting electronic data on a client's behalf.

Although the government-sponsored

Simpler Trade Procedures Board is updating its exporter software to provide an EDI facility, it is worried that initial trader input will be on documents, which could create a mountain of paperwork for customs staff.

"Most companies with financial and dispatch systems could capture the electronic data required as a by-product of what they are already doing," says David Green, the controller of international affairs for the Freight Transport Association. "I do not think EDI is going to be an attractive option unless companies are using it in other commercial activities."

Jan Campbell, the Institute of Export's director-general, is concerned for companies in the £5 million to £20 million a year turnover range. "A lot of small companies are going to find it difficult to deal with the differences in information that customs will require," he says. "They will probably have to invest in new software."

**'Small companies will find it hard to deal with the new needs of customs'**



Going electronic: clearance of goods through European Community customs should be easier



Karl Uggerholt with a Braun shaver: improved repair service

There is no standard checklist against which companies can evaluate the benefits of paperless trading. A common pitfall, however, is to categorise EDI as an information technology concept largely confined to the computer department.

As the essence of EDI is exchanging information electronically, one of the first considerations is who an organisation needs to link up with. Most users are connected via a specialist operator of an EDI network.

In general, the level of choice and support for users has increased markedly over recent years. The number of international connections is growing, as is the degree of interconnection between domestic networks. The cost of membership has come down with increased competition and the availability of more sophisticated products.

Available network services range from a basic "wire" for carrying EDI messages to a full electronic trading package with day to day support.

The INS-Tradanet network, op-

## Sharpen up your act

How paperless trading can save time and money and helped one shaving appliance maker to become a cut above the rest

certifying vendors' software packages, and plans to expand its service internationally to take in 62 countries by the end of 1994.

In the first six months of this year, EDI traffic carried by IBM's networks increased by 38 per cent. It has 1,345 registered accounts and is currently talking to AT&T with a view to providing interconnections.

Differentiating between the networks by their ability to communicate data is difficult, so the account should be on the type of service offered.

The full EDI package from Tradanet has an undiscounted price of just under £5,000, but a special package put together recently for one customer came out at

a budget price of under £1,000. Some organisations may identify a group of potential EDI users within their sector, and attracting the interest of a particular network is a good way to test its viability.

Another approach is to employ a consultant. Stephen Cronbach is head of the ANA's EDI consultancy unit. "There are good consultants, but some urge the solutions they would like to see, rather than studying what would meet the user's requirements," he says.

It is worth bearing in mind that if a network operator is involved, a lot of the initial consultancy work may be free.

Users should not be afraid of exploring innovative relationships. Braun UK is one of five

electrical appliance manufacturers to have initiated an EDI network that connects it to its service agents.

The new network, which is currently in its pilot stage, is being managed by the software company Perwill, who have sub-contracted it out to BT. The arrangement gives the manufacturers — who subsidise the network — a much-improved repair service.

"It enables us to respond to dealers requests more efficiently, and we can feed information like the cost of parts to our network without re-keying the information," says Karl Uggerholt, the financial director of Braun UK.

As for the service agents, they receive a start up package which costs only £90 and the promise that monthly EDI bills will not exceed £30 for the next two years. It is a novel approach, which shows that EDI is most effective when imaginatively applied.

KEN COTTRILL

## FINANCIAL EDI - BOOSTED BY RECOVERY PROSPECTS

### 'Paperless Trading' seen as important contributor to business efficiency

An increasing number of companies and organisations are turning to Electronic Data Interchange (EDI) as a means of improving business efficiency and securing the benefits of an upturn in the economy.

According to National Westminster Bank, financial EDI — which improves the process of payments and receipts through the supply chain — is being identified by many companies as a way to improve supplier relationships for future business growth. These companies are now prioritising investment in the technology to gain competitive advantage as the national economy improves.

Some 6,500 British businesses are already involved in setting up EDI systems, and NatWest's Richard Boniface says that investment is increasing rapidly.

"Throughout the downturn, investment was effectively 'on hold', though evaluation was continuing. Now that economic prospects are improving, financial directors are recognising that improving the administration of payments is a faster and more long-term solution than restaffing. Financial EDI saves remittance processing costs and can show savings in administration costs, cutting them by 50% in some cases.

"Perhaps more importantly, though, it creates a far closer, more mutually dependent bond between companies and their suppliers — which can be invaluable in a rapidly growing marketplace where responsiveness is key."

Financial EDI is one of the core elements of the Electronic Data Interchange environment which will eventually lead to the goal of 'paperless trading'. By automating debit, credit and remittance advice and instituting simultaneous guaranteed money transfers, companies can build on improved relationships with suppliers to develop fully electronic stock

control, ordering and invoicing.

Once orders have been placed with goods received and invoices raised (either electronically or manually) a financial EDI service will despatch immediate electronic debit and credit advices to payer and supplier. The supplier gets early confirmation of the payment and all the trading data needed to reconcile the transaction. The customer's account is then debited two days later, at the same time as the supplier receives the money.

NatWest's electronic trade payment service BankLine Interchange, launched two years ago, is being used as an entry point into full EDI by a number of companies. It can be used with any of the UK's major EDI networks — INS TRADANET, AT&T Easylink and IBM's Information Exchange. The Bank's EDI Unit and independent computing services subsidiary, Centre-File Ltd, then work with clients to develop supplier goodwill and fully-integrated trading systems.

The control and efficiency aspects of financial EDI are already appealing directly to one high-profile marketplace — the new 'internal market' of the NHS. At Sheffield Health Authority, for instance, NatWest is now developing the system in a drive to improve supplier relationships and, above all, cut bureaucracy.

Working with IBM and Entity Software, NatWest has brought financial EDI into the Authority, with payments generated automatically from invoice matching. Mike Spooner, SHA's Financial Systems Manager, claims the system can save the Authority money directly.

"It makes management of our finances more efficient, so it's easier for us to take advantage of special payment terms and discounts. And because payment is more reliable, our suppliers benefit — so the trading relationships become stronger and, in fact, more flexible."

One of those suppliers is Smith & Nephew, itself in the process of developing full-scale EDI. Finance Director Nick Hildyard believes that electronic payment is a significant step forward.

"When orders, invoices and payments are all handled



electronically, we will see the full benefits of paperless trading. This type of trading relationship, providing us with a secure and predictable method of payment, will ultimately help us to improve our own cash flow."

With stable EDI standards for finance and an inter-bank structure now in place, NatWest has invested heavily in ensuring security and audit processes for its EDI product. Meanwhile, EDI user groups and other associations are becoming actively involved in the financial side — and its implications for simplifying the notoriously bureaucratic field of international trade documentation are being widely investigated.

Says Boniface, "EDI is now becoming an unavoidable issue in both national and worldwide business. As well as the products and standards, we now have in the UK the necessary experience to develop EDI systems in virtually any trading environment, and we're seeing results in manufacturing, retailing, insurance, energy, distribution, transportation, government and the public sector. In fact, anywhere that efficient management of the supply chain is imperative, EDI — and financial EDI in particular — has an essential role to play."

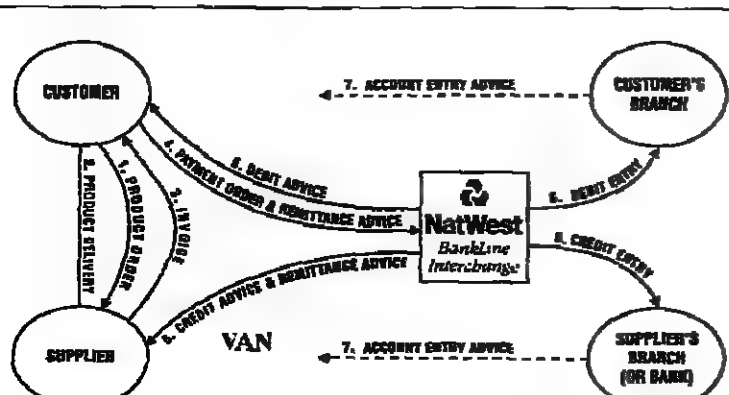
NatWest's BankLine Interchange system will be on display at EDI 92 at Stand No. 63 from 6-8 October, at the International Convention Centre, Birmingham.



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If you would like further information on BankLine Interchange, please return this coupon to Richard Boniface, Electronic Banking Services, National Westminster Bank, 600, Fleet Street, London EC4A 3DF, or telephone 071 600 1000.

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# EDI, Minister

In a few years' time, examination results will not be posted by examining boards to education authorities and schools, but will be transmitted electronically. Students will get their results a day or two sooner, and there are likely to be fewer mistakes.

The project is being worked on by the education department, which is probably more advanced in its use of EDI and electronic messaging than any other ministry.

The first use of EDI for education was the transmission of teachers' records from education authorities to the ministry using Dialnet, a network dedicated to education.

By July, all 117 education authorities had been linked in, and already errors in the records had been cut. Interactive enquiries on teachers' pensions and the collection of school census data are the next tasks. There is also a project for collecting electronically the statistics necessary to comply with the Parents' Charter.

Peter Gott, the head of development at the ministry's information technology department, says that if the number of grant-maintained schools jumps from the present 250 to, say, 2,500, the collection of statistics would become impossible using manual methods.

What the ministry is doing is very different from the normal commercial uses of EDI. The public sector is spawning a whole new area of what is known as administrative EDI, in which data is transmitted between government departments and between government and the private sector.

One administrative EDI project being looked at by the Home Office is a criminal justice network, aimed at getting everybody in a trial into the right court at the right time. Messages have to pass between the police, magistrates' courts, judges, lawyers, prisons and the prosecution and probation services.

The Home Office is also looking at the flow of traffic offence information between the police, insurance companies and the car registration office at Swansea.

At the central statistical office (CSO), Alan Hewer intends to use an Edifact message called Gesmes (General Statistical Message). The CSO is also to use EDI to transmit data for retail price

Government bureaucracy could be transformed by electronic messaging, says Richard Sarson



Paperwork: exam results will soon be sent electronically

indices, production indices, trade figures and demographic data to the international statistical offices. Mr Hewer hopes to persuade industry to submit statistical data to the CSO directly to a computer screen, rather than by filling in a paper form.

Administrative EDI needs new standards, as present commercial ones are unsuitable. Internationally there was a danger that government departments in individual countries would invent their own messages, only to find that if they needed to exchange those

messages with their colleagues in other countries, the data would be in incompatible formats. To avoid this, two new development groups were set up this year to start work on international "administrative messages", one for health and one for social security. Until now there has been no EDI co-ordination in the public sector, but this year the government centre for information Systems (CCTA) is being particularly active in promoting EDI among the ministries. It is also involved in European EDI

projects, such as Sosenet. CCTA will produce an EDI handbook next year, and at EDI '92 it will introduce a special interest section for government in the EDI Association. An interest section for education has also been formed recently. This means that for the first time government as a whole is taking a part in the UK's "EDI establishment".

The public sector is moving on conventional EDI for ordering. The extra revenue makes this welcome to the network operators and software houses. After all, the defence ministry spends more than £10 billion a year, and similar amounts are involved in the procurement budgets of the National Health Service and the civil ministries.

The NHS has been trying for three years to persuade health authorities and hospitals to use EDI. The response has been patchy, but some health authorities, notably East Anglia and Sheffield, have some of the most advanced EDI systems in the country.

Meanwhile, two innovative initiatives are going strong. The department of finance and personnel in Northern Ireland is starting a pilot for a cataloguing system known as Choice, more advanced than any EDI application in the private sector. David Court, the project leader for the system, hopes it will be offered to small businesses, with the help of a European Community grant.

HMSO has 30 customers among government departments and regional health authorities linked into its Heart (HMSO Enquiry Access and Rapid Trading) cataloguing system and aims to have 100 customers by the end of the year. Similarly, it places orders with 40 suppliers electronically, while the CCTA is studying the use of electronic payment systems for all the ministries.

This has been a year when EDI has started penetrating the thinking of the public sector, but in terms of government promotion Britain has some way to go to match Holland, whose prime minister, Ruud Lubbers, is giving the main speech at the Dutch national EDI conference in November, or France, where EDI is driven by a civil servant in the cabinet office.



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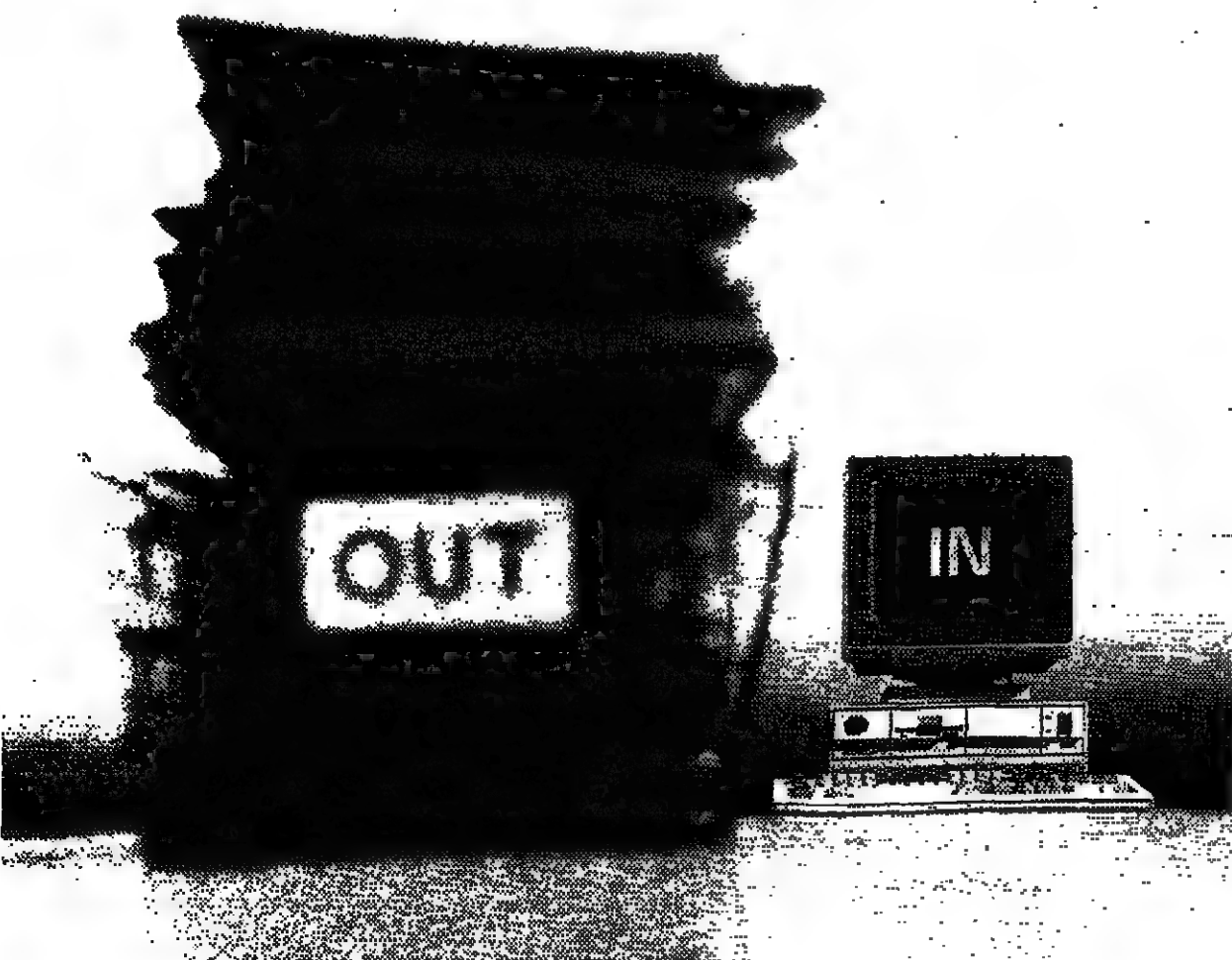
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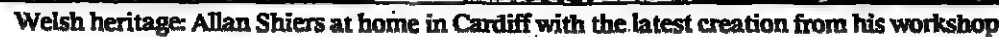
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## Plucked from obscurity

Today, his concert harps, which take eight to ten months to complete, sell for about £11,000, against £25,000 charged by German manufacturers for their top-of-the-range instruments. He said:



The harp is a traditionally male instrument of the Italians, Russians, French and Japanese. This is because these are the ones sought by one of my main markets, Welsh schools.

"The harp is of course Wales's national instrument and, as interest in Welsh culture increases, children are learning the instrument. Half of all harps imported

the business, and Mr Shiers is planning to make one concert harp and at least one Celtic harp a year, while also doing some repair work.

He expected most commissions would come from Wales. Some have, such as an instrument for the BBC Welsh Symphony Orchestra's harpist. But others have come from overseas and in addition to crafting new harps, he maintains instruments for the BBC Welsh Symphony Orchestra and the Welsh National Opera's orchestra.

The aim is to have all businesses being offered the full range by the middle of next year. Smaller businesses have been low volume users of guaranteed services but Parcelforce believes there is a growing need for them. The services are Datapost for noon next day delivery, Parcelforce 24 which promises delivery at the end of next day and a two-day guaranteed service.

EDITOR DEREK HARRIS

**FAX 071-782 7828**[illegible]







# Stricken Watson showing real improvement



Watson: fighting back

I will be a year this weekend since Michael Watson, the Islington super-middleweight, suffered a head injury in a world title contest with Chris Eubank and underwent brain surgery at St Bartholomew's hospital, London.

That night the boxing world was plunged into a cloud of despair which, despite the unwavering faith of Watson's mother, Joan, and guarded optimism of the surgeon, Peter Hamlyn, we thought would never leave us. But now the gloom is beginning to lift. Watson is in the neurological rehabilitation unit of Hornorton hospital and is showing the first signs of real recovery.

Ever since he came out of a coma, 38 days after his first two emergency brain operations, Watson had given Hamlyn and his team encouraging signs — recognising faces and breathing without

the ventilator (October), watching video films (November), moving right hand and leg (January), showing an interest in the world around him (July).

It was three months ago, after his fourth operation — to remove the tubes in his brain, which were helping the flow of normal fluids, and to repair a defect that had been left by previous surgery — that he began to make the kind of progress everyone was praying for. Hamlyn said: "There has been quite a remarkable, surprising, recovery. He is speaking sentences rather than single words and moves limbs, both left and right arms and legs."

A couple of weeks ago, Watson surprised everyone by giving Reg Gutteridge, the TV commentator, an interview for *Boxing News* in which he joked about making a comeback.

"It's a miracle," Watson



**SRIKUMAR SEN**  
Boxing Correspondent

Boxing Correspondent

told Gutteridge. "I'm here until next March but I'm going crazy. Why? Because I want to make a comeback and there's nobody out there who can beat me." Watson talked slowly, pausing often to draw breath.

"I keep watching the video of Rocky III and that makes me want to come back again. I've told Eubank to bring the belt he owes me. He says I'll keep my hands up. It was my own fault. I've watched the fight many times." He aimed a playful punch at Gutteridge. "Still quick, eh?" Watson said.

Gutteridge said: "There's

still a very long way to go. Really he's not quite as lively as he seems in my piece. He's improving all right, but he talks slowly. For instance he says things like 'Hang on, I've lost my way a bit'. It took me two days to get all that out of him."

"He's not giving interviews. He is not ready to give individual interviews or talk to television but he's made really good progress from what he was like two or three months ago. His mother brings him his favourite food every day. 'I do like my grub,' he said. You can see the old Michael Watson now."

Barry Hearn, the promoter

of the two Eubank-Watson bouts, said: "He's completely aware of what's going on. He has total recall, remembers everything about the fight. Knows we are collecting money for him, everything. I am cautiously optimistic."

Watson, who earned around £200,000 from his last two contests, should be financially secure when he comes out of hospital. Thanks to Hearn, who organised a charity show at Grosvenor House, Watson's friends and admirers raised £150,000, which could reach £200,000 by the time he comes home.

The British Boxing Board of Control is planning a special celebrity event next spring. John Morris, secretary of the board, said: "It will be a major event. We are hoping that Michael will be able to join us. For the rest of his life Michael will be helped by the board with extra income."

It has been a traumatic

year for Eubank as well, for an even crueller tragedy overtook him when he killed a man in a car accident while driving to Gatwick airport.

Watson's mother forgave him when he went to visit the stricken boxer three days after the fight. "It's not your fault," Mrs Watson told Eubank. "It could be you in there." But Eubank said: "It will be all right when Michael is all right." Months later Eubank said: "That September night will haunt me for the rest of my life."

Recently he unbundled himself in *The Sun*. "Watson is the real champion. He's a better man than me — by far the better man. He outboxed me, he had more skill, he outboxed me, outmanoeuvred me. He won the fight." Eubank has not been able to find his old form in any of his three subsequent defences.

Of all the boxing accidents in Britain, Watson's case attracted the most publicity, possibly because of the hype and bad feeling that preceded his bouts with Eubank and the fact that Watson was on the point of winning the second encounter when he was knocked down by an apparent from Eubank, who had just got up off the floor in the eleventh round. It caused the government at last to take action and initiate talks between boxing administrators and doctors.

It might be of some consolation to Watson to think that, as a result of this, his suffering may not have been in vain.

The suggestions made by Hamlyn for quick action, within the first hour after a boxer is seriously injured, were adopted by the board. It could prove to be the most important decision taken in the history of boxing.

## ATHLETICS

# Campbell's mother puts him on right track

FROM DAVID POWELL, ATHLETICS CORRESPONDENT IN SEOUL

DARREN Campbell, who never really wanted to be an athlete, will continue to find himself projected as Britain's follow-up to Linford Christie after taking the 100 metres silver medal at the world junior championships here yesterday.

"It's all down to mum," Campbell said. "She always liked track and field and I never liked it. I was wanting to play football and other sports." At 16 he gave in. Now he is 19 and it looks a good decision.

For Atto Boldon, of Trinidad and Tobago, the winner in 10.36sec, it was all down to a move from Trinidad. Before he went to the United States, he had not raced in a track meeting. "When I went back there this year for the Olympic trials, they had no idea who I was. I let them know who I was by running 20.40 for the 200," he said.

Boldon performed poorly at the Olympics but here he was the fastest qualifier in each of the three rounds. In the final his pick-up from a start which was slower than Campbell's put him in a dominant position from 30 metres. Campbell chased him home in 10.46, his strong finish seeing off those who were still with him at 70 metres.

Among them was Jason Fergus, his team-mate, who finished fifth in 10.54. At the beginning of the season Fergus was not among the best juniors in Britain; he had barely set foot off the track yesterday when he was approached by a man carrying a US scholarship offer.

The silver medal did not satisfy Campbell, who "came here with gold in mind". He has another chance in the 200 metres, beginning today, but his best time of 20.59 is slower than Boldon's.

Although Boldon lives in San Jose, he will not run for the United States. "The US is always going to have gold medal sprinters and Trinidad has not had one since 1976 (Haseley Crawford)," he said. Crawford, not Carl Lewis, is his inspiration. "I look at his tapes a lot."

Nicole Mitchell, of Jamaica, won the women's title and, like Boldon, dominated each round. Christie was Jamaica-born, Merlene Ottey, Jamaica's No. 1, lives in Italy, and even the Jamaican bronze medal winner here, Merlene Fraser, is on a US scholarship, but Mitchell said that she would stay at home and try to be successful from there.

No British women's sprint relay team was taken to Barcelona. "Our sprinting is looking up," Donna Hogarth said after she and Katherine Merry reached the final. That neither was happy with her position — Merry sixth, Hogarth seventh — spoke well for their ambition.

Merry's long legs take a while to get going, and she is more suited to the 200 metres, which begins today. A medal is not too much to hope for.

For all the years she has been around (she was a junior international at 13), Merry remains among the younger team members. The youngest is Guy Bullock, 16, who broke 47sec for the first time to reach today's 400 metres final with 46.74sec. Deon Minor, of the United States, should win but could pick up a medal.

Neil Owen, a personal best in both rounds of the 110 metres hurdles, yesterday, 14.19 then 14.12, to reach today's final as the second fastest qualifier.

Results, page 35



Looking for the wind: Christine Spreiter, Britain's top-ranked professional female windsurfer, was one of 72 competitors left on the beach at Brighton yesterday when winds failed to perform for the second day running at the British TBA windsurfing World Cup (Barry Pickthall writes). Spreiter, 28, ranked ninth in the

world of slalom racing, hails from Scotland but now lives close to the surf on Hawaii. She is one of 14 women competing in the British event, which has a purse of \$50,000.

British hopes of victory in the men's division lie with Nik Baker, 21, from Shoreham, who has risen rapidly to

achieve a world-ranking of tenth. After a day of frustrating calms on Wednesday, the wind picked up to 25 knots yesterday afternoon but proved too shifty for a course to be set. Today's forecast promises steadier force five winds, which should continue through to the end of the competition on Sunday.

## CYCLING

# Kelly takes on Roche

IRELAND'S home tour, the 525-mile Nissan Classic which starts in Dublin on Wednesday, has attracted much of the cream of European professional cycling yet may finish up as a domestic five-day battle between Sean Kelly and Stephen Roche (Peter Bryan writes).

Kelly, the race winner on four occasions since it started in 1985, has not shown the

form in recent months that won him the year's opening classic, the Milan-San Remo, in March.

Roche, world champion in 1989 and also winner of the tours of France and Italy that year, has never won the Nissan. For two years he has been plagued by injury but was strong enough to take a stage in the Tour de France this season.

# Hopes high at Glendalmond despite defeats

THE former Scotland rugby union captain, David Sole, pulled on a jersey again when he turned out for the old boys in a match against Glendalmond College in Perth.

Unlike his international career, which ended with defeat in Cardiff last March, his return gave him reason to celebrate, as the old boys won

25-12. Sole was accompanied by his Edinburgh Academicals team-mate, Rod Mitchell.

It was the second game of the season for the school, which lost its first outing 53-0 to Durham, but the mood is not all gloom and doom. Tony Hill, the head of PE, said: "We have only been back for a few days and have six colours remaining from last season."

The pack looks strong and mobile and we will be working on fitness levels. This will be the key to our season."

Glendalmond are led by Duncan Robertson, from scrum half, and have Neil Campbell, a player of huge potential who has played for Scotland Under-15s, at flanker.

Fettes College, in Edin-

burgh, could be hampered by a lack of size and pace, but the prospect of a half-term tour to Hong Kong will boost team morale. Last season Fettes toured in Ulster, Robin Lang, a prop, leads the side, but there are few survivors from last season and the school kicks off its programme against Hutcheson Grammar School, from Glasgow.

"The great beauty of this season is that we have such a heavy programme of demanding international rugby before Christmas. I can watch Wales and Ireland, and the Barbarians, play Australia, without detriment to my England role," he said.

Rees cleared, page 5

## SCHOOLS SPORT

## RACING RESULTS

### Ayr

Going: soft

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## Leeds buckle under their domestic burden

**T**HE defeat of Leeds United in the European Cup stands as yet another damning indictment of the domestic system. The champions were undone not by technical inferiority, the common cause of English embarrassment on the continent, but by a lack of time in which to prepare.

The odds were stacked against them once BSKYB had thoughtlessly chosen to cover live their Premier League fixture against Aston Villa last weekend. Instead of playing on Saturday, resting on Sunday, training on Monday, and travelling to Stuttgart on Tuesday, Leeds had to reorganise their schedule.

The root of the problem, though, lies much deeper

than television interference and, after arriving home in the early hours of yesterday morning, the Leeds manager dug it up. "Our system guarantees that we practise mistakes," Howard Wilkinson said, "because all we do is play and play and play."

Within the most demanding programme in the world, there is no time to work diligently on the appropriate tactics and formations required to counteract refined foreign opposition. Muscular power and stamina, the traditional characteristics for which English teams were feared, are no longer the sufficiently overpowering assets they once were.

Wilkinson, convinced that Leeds's usual approach would

be inadequate against the champions of Germany, chose to redesign his line-up. Using Batty at right back, a move employed by the England manager during the European championship tie against Sweden three months ago, he assigned defenders to mark man-for-man.

For more than an hour, his decision was vindicated but, as he said, "the last lesson you learn is the first thing you forget". Once Leeds had conceded one goal, they ignored the instructions which had so expediently been given to them and almost certainly yielded their place in the competition.

Instead of settling for a narrow deficit which they could have expected to over-



STUART JONES

Football Correspondent

turn in the second leg. Leeds naively rushed headlong towards elimination. "We lost all the good habits we'd just acquired," Wilkinson said. "Suddenly, we were chasing a goal when there was no need to."

There can be no certainty that Leeds, some of whose players were competing in their tenth game in 32 days, would not ultimately have gone down 3-0 if their fixture list was less crowded. Yet the

chances are that they would still be in more realistic contention against VfB Stuttgart.

Manchester United, held to a goalless draw by Torpedo Moscow in the UEFA Cup, have an additional difficulty. Because they have a surplus of players regarded as foreigners, Alex Ferguson, their manager, has to alter not only his ideas but his personnel.

Wilkinson, like Ferguson and Graham Taylor, is hand-

capped by a system which discourages considerable and inventive management as well as fresh and flexible play. It endangers not only England's aspirations of qualifying for the next World Cup finals, but also Leeds's hopes of successfully defending the title.

The loss of Cantona, who pulled a hamstring on Wednesday night and could be out for more than a month, reduces still further the dimensions of an attack already without Wallace. The likely absence of Dorigo, if only temporarily, will weaken still further a defence which has let in ten goals in the last five games.

Moreover, the exit door from Europe invariably leads

to a slump in form at home. Unless Leeds achieve the improbable against Stuttgart in a fortnight, no crystal ball would be needed to foresee them pursuing the same downward path trodden a year ago by Arsenal.

Once Benfica had punctured the belief of the champions, they won only two of 13 games during the next three months, a sequence which effectively put them out of the running. Wilkinson admits that Leeds now face a familiarly stiff test of character as well as physical endurance.

Less than 60 hours after completing the return journey from Germany, they are to step back on to the grinding treadmill against Southampton at The Dell.

Next week, they are scheduled to be visited first by Scunthorpe United, for a distracting Coca-Cola Cup tie, and then by a resurgent Everton, before having to re-apply themselves to the foreign demands of the European Cup. No wonder Johann Cruyff joined the list of respected observers who believe that England can no longer win the tournament if once dominated.

Leeds had the misfortune to be drawn initially against one of the stronger entries, but they promise to equal a record set long ago. Not since 1968, when Manchester City were removed by the Turks of Fenerbahce, have the domestic champions fallen in the opening round.

### Denmark international completes move

## Souness signs Piechnik to bolster defence

By IAN ROSS

GRAEME Souness's determination to ensure that Liverpool's transition period is kept as short as possible was again underlined yesterday when Torben Piechnik, a key figure in Denmark's unexpected European championship success in Sweden this summer, completed the formalities of a hastily arranged move from FC Copenhagen.

Prompted by his club's poorest start to a season in more than 20 years, Souness agreed to pay £500,000 for a defender who is widely acknowledged as one of the most accomplished in European football.

Souness's decision to strengthen his erratic defence was taken last month after his side had conceded late equalising goals in games away to Ipswich Town and Leeds United. Liverpool lie fifteenth in the Premier League, having won just two

of their opening eight fixtures. So determined was Souness to bring to Anfield a central defender of proven ability to partner Mark Wright, the England international, that he sanctioned the sale of Dean Saunders to Aston Villa for £2.3 million to help raise the necessary funds.

Yesterday, after Piechnik had passed a medical and agreed personal terms, Souness said that he had attempted to recruit a player of similar stature from within the British game, but had been "frightened off" by the inflated transfer fees demanded.

"Liverpool is obviously a very big club but even we have been frightened by some of the prices which have been quoted," Souness said. "We do seem to have a situation where players who have done very little in the game are being sold at inflated prices."

The arrival of Piechnik may herald another change in Liverpool's defensive strategy. Torben is accustomed to playing within the so-called 'super-system', that is to say a defence which includes two markers and a deep-lying defender, Souness said. "He has been playing as a marker in this system, and while I am a fan of it, we shall have to see how things work out here."

"He is an experienced player who will, I am sure, be able to adapt if need be."

Piechnik will make his debut tomorrow against Aston Villa at Villa Park, where he will almost certainly find himself in direct opposition to Saunders. Piechnik said he was delighted to be joining Liverpool. "I did not learn of their interest until late last week but once it became clear that they were keen on buying me my mind was made up," he said.

Piechnik was at Anfield on Wednesday for Liverpool's European Cup Winners' Cup first-round, first-leg tie against Apollon Limassol, of Cyprus, and must have been greatly encouraged by the performance of his new colleagues. Four goals by Ian Rush during the course of a comfortable 6-1 victory reduced the second leg in 12 days' time to a formality, and also moved the Welsh international forward to within two goals of becoming Liverpool's all-time leading scorer.

Rush has now scored 284 goals for Liverpool in 498 senior appearances, compared with Roger Hunt's record aggregate of 285 goals in 500 appearances.

Although Piechnik would be ineligible to play in the second round of the Cup Winners' Cup, he would be available were Liverpool to reach the quarter-finals. Phil Thompson, the former Liverpool captain, is taking the club to an industrial tribunal, alleging unfair dismissal. Thompson was dismissed from his job as reserve team coach in June.

League's mandate, page 35

### Warhurst recovers

PAUL Warhurst, the Sheffield Wednesday defender, was said to be "out of danger" yesterday after the horrific collision that almost claimed his life during Wednesday's UEFA Cup meeting with Sparta Luxembourg at Hillsborough.

Warhurst, 22, was knocked unconscious in an accidental clash with the Sparta goalkeeper, Fernando Felten, and then swallowed his tongue when he had a fit while receiving treatment on the pitch.

Warhurst—who, ironically, scored his second and his side's seventh goal in their 8-1

win as the clash happened—was taken to Sheffield's Northern General hospital and detained overnight. Yesterday, after undergoing a brain scan, he was pronounced out of danger.

Trevor Francis, the Wednesday manager, who had pressed Warhurst into service as a forward for the game, said the player had been "pretty close to dying", and went on: "In a situation like that, players are helpless. That is when you depend on the professionals. It is very important to have good staff around."



Postal vote: David Mellor, centre, standing, with Sally Gummell, Ian Hayden and Chris Boardman at the Royal Mail awards lunch in London yesterday

## Top Olympians honoured

By JOHN GOODBODY

BRITISH sport yesterday acclaimed the successful Olympians in Barcelona in a lunch organised by the Royal Mail, the only corporate sponsor in Britain of both the Games and the Paralympics.

Chris Boardman, who won the individual pursuit cycling title, received the award for the best British performance at the Games from David Mellor, the secretary of state at the national heritage department. Mellor said that Boardman had modestly told him that he owned the cycling gold medal because of the people around him. They helped Chris to be right psychologically and physically on the day.

Boardman took the award ahead of Linford Christie because the panel of judges considered that the cyclist

had not only outclassed his rivals by becoming the first individual in a pursuit final to catch his opponent, but also set a world record. Boardman receives a training grant of £3,000, together with the trophy.

Christie was given a special award by Royal Mail and the women's award for the best female performance at the Games went to Sally Gummell, who finished first in the 400 metres hurdles. Gummell won the category from the three judo medal winners, Nicola Fairbrother, Kate Howey and Sharon Rendle.

In the Paralympics, the best British male performance went to Chris Holmes, who took six gold medals and three world records in the swimming events. Holmes, who is blind, trains four hours

a day with the City of Birmingham squad.

The judges were Jerry Cope of the Royal Mail, Neil Wilson of *The Daily Mail*, Duncan Goodhew, the former Olympic swimming champion, Simon Clegg of the British Olympic Association, and a vote from the British Paralympic Association.

The awards were best men's performance, Chris Boardman; best female performance, Sally Gummell; best male performance at Paralympics, Chris Holmes; best female performance at Paralympics, Tanni Grey; best ambassador for British sport at the Olympic Games, Steve Redgrave; best ambassador for British sport at the Paralympics, David Moreton; special awards: Linford Christie and Ian Hayden (in the Paralympics).

## Olazábal sees no reason to be cheerful

FROM MEL WEBB IN VERSAILLES

CARD OF COURSE

FOR José María Olazábal, brilliance is obviously not enough. The 65 he produced to lead a high-quality field after the first round of the Lancôme Trophy at Saint-Nom-la-Bretèche yesterday would have kept some of his rivals happy for a month.

From the self-critical Olazábal it did not elicit so much as a smile.

Just listen to this. "I'm only playing about 50 per cent as well as I can. I'm not going for the flag like I used to; my confidence is just not there. I don't feel anything when I stand over the ball." Does that sound like a man who has just had his third competitive round of 65 on the trot?

The library of complaints did not end there. "I missed a lot of shots left and right. Here you need to be on the fairway to have any control, and I'm not sure I can do it this week. I don't think I can keep up this scoring." Oh, the misery of it.

A little while later Nick Faldo, who had had a level-par 70, was told of his Ryder Cup colleague's doleful utterances.

Faldo smiled indulgently, like you might when told of the words of a young and slightly dotty nephew. "He's young and fussy," he said. "When he's ten years older he'll take it and run."

If only Olazábal, who leads by a shot from Vicente Fernandez, Ian Woosnam, Eduardo Romero, Barry Lane and Jose Carriles, had been there to hear the words of wisdom from Uncle Nick. Because to the half-practised eye, it was difficult to see much wrong with a round that if it should be repeated in the next three days will put him firmly in the frame come Sunday afternoon.

He had his first birdie from 15 feet on the 4th, dropped a shot on the 6th but claimed

Hole	Yds	Par	Hole	Yds	Par
1	455	4	10	354	4
2	399	4	11	417	4
3	307	3	12	189	3
4	425	4	13	391	4
5	375	4	14	467	4
6	491	4	15	437	4
7	183	3	16	509	5
8	309	5	17	432	4
9	363	4	18	579	5

Out 3,245 Yds in 3,411 Yds

Total strokes 8,724

the stroke back on the 8th with a sand wedge to no more than an inch. Another three on the 10th was followed at the next by a 27-foot putt for his fourth birdie.

He bogeyed the 13th, but handsomely redeemed himself at the 509-yard 16th, one of only two par fives on the course. A long drive was followed by a three-wood to six feet and a single putt for an eagle three: he made it look deceptively easy.

Thus inspired—or perhaps not—he holed a 50-foot putt on the slippery 17th green for his closing birdie. It was a performance for the connoisseur to savour. For this man it was not so much champagne, more a glass of flat brown ale.

Be that as it may, the gloomy Olazábal will surely still be a factor in the battle for the £79,000 first prize. So, if form and class have anything to do with it, will Faldo and Woosnam.

The Welshman, whose protracted putting problems continue, was happy with his 66, which was based on a brilliant spell of six birdies in the opening six holes. Turning in 31, he parred every hole coming home and then spoke of his own mental processes in the recent past.

"My trouble has been that I've been trying to hit every shot like frozen rope—straight down the fairway, straight at the flag," he said. "Now I'm settling for what I've got." Try telling that to José María Olazábal.

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### SCORES FROM VERSAILLES

FIRST ROUND (British and Irish unless stated): 65: J-M Olazábal (Sp), 66: B Lane, E Romero (Arg), J-M Carriles (Sp), V Fernandez (Arg), I Woosnam, 67: M Fenyi (Fr), G Gallager (Sp), M Foa, T Johnstone (Zim), H Clark.  
68: C Puccia (Ir), G Day (US), C Mason, S Luna (Sp), W Riley (Aus), S Richardson, B May (US), 69: G Brand, J S Tomlinson, J Payne, P Walton, P Senior (Aus), J Ryzom (Sp), M James, F Nobilo (NZ), 70: M-A Jimenez (Sp), J Van de Velde (Fr), J Sauer (Sp), R Davis (Aus), M Harwood (Aus), B Langer (Ger), N Faldo, C O'Connor Jr.

71: T Level (Fr), R Karlsson (Swe), J Palmer (SA), B Ogle (Aus), F Lindgren (Swe), G Wells (NZ), D Ferry, M-A Meunier (Sp), P Mitchell, P Broadford, I Baker-Finch (Aus), 72: B Gallager, M Mackenzie, D Gilford, D Silva (Por), J Spencer, R Rietveld, C Grange (US), J-M Carriles (Sp).  
73: M McLean, M Bessinger (Fr), A Sherborne, C Montgomerie, P Singh (Fr), 74: W Westlake (SA), P Barker, M Lerner (Swe), 75: D J Russell, M Davis, P J Johansson (Swe), A Forsbrand (Swe), 76: J Haggman (Swe).

**"He used to forget our wedding anniversary. I never thought he'd forget my name."**

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## Knee injury forces Cowdrey to retire

CHRIS Cowdrey, the Glamorgan batsman and former England captain, is retiring from first-class cricket after 17 years in the game. Cowdrey, 34, who joined Kent in 1976 and led the side between 1985 and 1990, before being released last year, has suffered from a persistent knee injury.

He left Glamorgan by mutual consent earlier this summer. Cowdrey played six Tests including one against the West Indies in 1988 as captain.

In almost 300 first-class matches, he scored more than 12,000 runs with 21 centuries at an average of nearly 32. His right-arm seam bowling earned him 200 wickets at a shade under 40.

The Glamorgan secretary, Gwyn Stone, said: "He was

one of the nicest men you would ever wish to meet and it was a shame that he was unable to shake off his injuries."

Sussex, meanwhile, played down reports that they were ready to sign Eddie Hemmings, who has been released by Nottinghamshire.

The club secretary, Nigel Bett, said: "We would be silly if we didn't have a look at players who become available, but it is premature to say Hemmings is set to join us."

Colombo Sri Lanka agreed to join India and Pakistan in a joint bid to host the 1995 World Cup. The Board of Control of Cricket in Sri Lanka announced yesterday. South Africa and England have also said they will bid to host the tournament. (Reuters)

## Saywell suspended for abusing horse

By JENNY MACARTHUR



Saywell: Munich success

MICHAEL Saywell, a member of the 1972 Great Britain Olympic show jumping team, has been suspended from the British Show Jumping Association for three years and fined £1,500 after abusing his horse, Sunblest, at the Baskerville Show on August 5.

A sharp-eyed BSJA steward at the show found strips of plastic with sharp protruding points—designed to make the horse pick his feet up higher over the jumps—stuck to the inside of Sunblest's fetlock boots.

The stewards of the BSJA, who have made a recommendation to the executive committee that Saywell be suspended beyond three years, found the Nottinghamshire-based rider guilty of contravening three rules: ill-treating a horse at a show, misuse of an

item of saddlery and behaviour prejudicial to the interests of the association.

Saywell said yesterday: "I didn't know... I didn't put the boots on Sunblest—I wasn't at the lorry. I told the stewards that. I think it's a bit hard."

Andrew Findling, the secretary general of the BSJA, said: "The maximum penalty imposed by the stewards reflects the association's abhorrence of such activity. It will not be tolerated at any time by any rider no matter what his public profile may be."

Saywell's heyday was in the 1970s. At Munich in 1972, riding Hideaway, he had the best British score in the team competition. His colleagues were David Broome, Harvey Smith and Anne Moore.

In 1976 he won the King

George V Gold Cup at Wembley on Chaintbridge and two years later won the Dublin Grand Prix, again on Chaintbridge. His son, Andrew, represents Britain in Athens next week and has three horses, including Sunblest, entered.

It is the first such incident since he took up office four years ago. The hard line taken by the BSJA follows the example of the Equestrian Federation of Ireland which last month suspended James Brizzell for five years after he was found guilty of using an astrigent under the bandages of his horse at Hickstead. Brizzell's father, who owned and trained the horse, was suspended for life.

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